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A Frenzied Bull Market Turns 5 On Anniversary's Eve, Dow Slips in Heavy N.Y. Trading, And Analysts Wonder How Long Stock Gains Can Last

NEW YORK — Wall Street closed out the fifth year of its bull market in typically frenetic fashion Wednesday, with prices bouncing erratically in heavy trading.

The rise of the Dow Jones industrial average to near the 2,700 level has stunned some traders, who as recently as last week questioned whether the blue-chip average could pierce 2,600.

The Dow, which soared 44.64 points on Tuesday to a record 2,680.48, slipped 11 points in nervous trading to close at 2,669.48, according to preliminary figures.

Since the bull market began on its commonly accepted birth date of Aug. 13, 1982, the Dow average of 30 major stocks has risen about 1,900 points from 776.92. Since Jan. 1, it has risen 41.4 percent and



Personnel on the deck of a United Arab Emirates gunboat patrolling the Gulf of Oman on a search for free-floating mines.

Dozens Of Miners Arrested

Strikers Charged With Subversion In South Africa

JOHANNESBURG — The police said Wednesday that 78 officials and members of the striking black miners' union had been arrested on charges including subversion and plotting to murder strike-breakers.

The National Union of Mineworkers said 86 of its officials had been arrested. It was the largest action by the police since the huge strike began Sunday, paralyzing South African gold and coal production.

Cyril Ramaphosa, general secretary of the union, said the police had surrounded a union building in Klerksdorp, southwest of Johannesburg, and arrested members meeting inside. He said the raid was "part of a well-calculated plan to arrest union leadership and leave the strikers leaderless."

Of the murder conspiracy charges, Mr. Ramaphosa said: "It would be pretty stupid to be talking about murder at a union meeting."

The police said the suspects were scheduled to appear in court Monday.

Kiosk

Rebels Kill 43 In Mozambique

MAPUTO, Mozambique (AFP) — South African-backed rebels of the Mozambique National Resistance have killed at least 43 persons in the southern Mozambican town of Manjacaze, the local authorities said Wednesday.

The Renamo attack against Manjacaze, 150 miles (240 kilometers) north of Maputo in Gaza Province, took place early Monday morning, the authorities said. They added that the rebels had kidnapped many residents of the town and had destroyed public buildings and the electricity station.

For Foreign Investors, Wall Street Is a Safe Haven in an Alarming World

By Leonard Silk
NEW YORK — What is driving Wall Street's bull market to such heights, despite a host of anxieties about reviving inflation, a weakening bond market, persistent budget and trade deficits and threats of war in the Gulf that could block off the flow of oil?

Paradoxically, it is these very dangers. They are pushing more and more money into the U.S. stock market, which looks to foreign investors like the safest haven in an alarming world.

The latest flow-of-funds report of the U.S. Federal Reserve Board confirms that there has been a powerful surge of foreign investment into American corporate equities. Foreign investors increased their holdings of U.S. stocks in an annual rate of \$37.2 billion in the first quarter of 1987, more than double the \$18 billion net increase in 1986 and more than seven times the \$5 billion increase in 1985.

Although Fed data are not yet available for the second quarter, Thomas W. Synnott, chief economist and senior vice president of U.S. Trust Co. of New York, says he detects a further pickup of foreign buying of U.S. stocks. One of the reasons for this, he says, is the basic of his company's contacts with Japanese investment companies. He says, there has been a continuing shift into American corpo-

Iran Offers to Help in Search for Mines

By Julian Nundy
PARIS — Iran said Wednesday that it was willing to search for mines off the United Arab Emirates, a day after France and Britain announced they were sending minesweepers to the area.

But the offer by Iran, which put the blame for laying the mines on the United States or its allies, was greeted with skepticism by both Gulf and Western officials.

Sources in Bahrain said that the Arab Gulf countries regarded Iran's suggestion as "nothing more than propaganda."

Tehran Radio, quoting an Iranian Foreign Ministry spokesman, said Iran had made the offer in a message to the United Arab Emirates.

It said the Iranian message stressed "the need for mutual cooperation among countries of the region that want to ensure the security of the Gulf without outside interference and to foil the plots of the United States and its agents."

It said Iran had offered to send minesweeping ships and helicopters to the emirates' territorial waters.

The radio added: "Indications and documents show that the American administration or its agents in the region planned mines in the Gulf and the Sea of Oman."

The sources in Bahrain pointed out that Iran and Libya had blamed the United States for the unexplained presence of mines in the Red Sea approaches to the Suez Canal in 1984.

The French weekly magazine L'Evénement du Jeudi said in this week's edition that the mines floating in the mouth of the Gulf were made by an Italian firm, Valsella Meccanotecnica, and contained explosives supplied by a French company, la Société Nationale des Produits et Explosifs. It said the Italian manufacturer sold the mines directly to Iran.

The Iranian Foreign Ministry spokesman referred to an explosion Monday that damaged the Panamanian-registered tanker Texaco Caribbean was anchored and therefore stationary at the time of the explosion, indicating that it was struck by a drifting mine. The sources said that such unattended mines were particularly dangerous since there was no way of charting a course between them.

In London, a Foreign Office spokesman said Iran had "scored a spectacular own goal" with the Texaco Caribbean explosion and that the Iranian offer could be an indication of a change in policy.



Sylvester Stallone and bride in December 1985. Where are they now? Anna Quindlen investigates the logic of the rich and famous on page 3.

Ortega Starts Complying With Peace Agreement

By William Branigan
MANAGUA — President Daniel Ortega Saavedra has publicly opened a process of complying with a Central American peace accord signed last week, but opposition politicians expressed skepticism that required democratic changes would be carried out.

Mr. Ortega met Tuesday with Cardinal Miguel Obando y Bravo, the leader of the Roman Catholic Church in Nicaragua, and representatives of 11 opposition political parties to discuss opposition participation in a National Reconciliation Commission. It is to be established within 20 days under a provision of the peace agreement signed Friday in Guatemala City by Mr. Ortega and the presidents of El Salvador, Honduras, Costa Rica and Guatemala.

Under the agreement, each government is required to choose a four-member commission consisting of a government representative, a person nominated by the conference of bishops, a nominee of the internal political opposition and a neutral person.

The president and the cardinal, a strong critic of the Sandinist government, said after their meeting they had agreed to discuss reopening Radio Católica, the radio station closed by the government last year. Asked about the prospect of reopening the opposition newspaper La Prensa, Mr. Ortega said, "We'll have to see about it."

Mr. Ortega also presented copies of the peace plan and invitations to representatives of 11 legally registered opposition political parties to the left and right of the governing Sandinist front. The parties are to nominate candidates for the reconciliation commission, and the governing party will be required to accept them.



Workers from an auto parts factory clashing Wednesday with policemen in Changwon. About 300 plant employees were demanding higher wages and better working conditions.

Strife in South Korea Stops Auto Production

SEOUL — Miners set buildings afire Wednesday and workers barricaded a factory with forklifts as spreading labor turmoil shut down car production in South Korea.

The government ordered the police to put down violent labor protests to prevent chaos and economic stagnation. By evening at least 226 companies were hit by strikes or other disruption compared with 192 on Tuesday, the police said.

Meanwhile, about 1,500 protesters demanding the release of political prisoners battled with riot policemen in the first violent confrontation in central Seoul since July.

The protesters, some swinging clubs, grappled with the police as they tried to march through central Seoul from the Myongdong Cathedral, where they had held a rally, witnesses said.

The labor unrest has cut coal production almost in half and has mainly affected companies in the mining, manufacturing and transportation industries. The electronics, textile and footwear industries have also been affected.

Labor turmoil in the last 15 days has cost South Korea nearly \$300 million in lost production and exports, Labor Ministry officials said.

"The growth rate is certain to drop further as many leading exporters shut down plants due to labor turmoil," an official of the Korea Traders' Association said.

The Trade and Industry Ministry said that all five South Korean car manufacturers had halted production by Wednesday morning due to strikes and parts shortages. He said the stoppages might continue for the next few weeks.

Business leaders warned that further economic damage was inevitable if the strikes continued.

Only hours after the government issued its order to the police, workers at a machinery factory in Seoul's southern suburbs blocked the factory gate with five forklifts to prevent white-collar employees from entering.

Witnesses said that there had been scuffles between the two groups at the factory owned by Lucky-Goldstar, one of the largest.

Weinberger Assails Elements of Pact

By Elaine Sciolino
WASHINGTON — Defense Secretary Caspar W. Weinberger has criticized aspects of a peace plan signed by five Central American leaders, contending that it caused the anti-Sandinist rebels to lose their military capability, leverage over the Nicaraguan government would disappear.

Mr. Weinberger's remarks Tuesday were in sharp contrast to statements made by White House and State Department officials. They illustrate the depth of disagreement inside the Reagan administration and among congressional leaders over what the Central American plan does to prospects for renewed U.S. aid for the Nicaraguan rebels.

The views of Mr. Weinberger, however, may find some support within the Oval Office. Administration officials familiar with President Ronald Reagan's thinking say he would like to continue military assistance to the contra, and would not be willing to settle for a package of humanitarian aid that might leave them exposed on the battlefield.

Mr. Weinberger said the regional peace plan signed Friday in Guatemala City by the presidents of Costa Rica, El Salvador, Nicaragua, Guatemala and Honduras "had some problems." He cited among other things "the lack of assurance that there will be sufficient support to keep the contra force in being as a military force."

Of the regional plan, Mr. Weinberger said: "There was no timetable for elections. There is no timetable for democratization."

Mr. Weinberger said Mr. Reagan supported what he characterized as a 21-point appendix to the separate peace plan that was presented Aug. 4 by Mr. Reagan and by Jim Wright of Texas, the Democrat who is speaker of the House of Representatives.

The State Department, however, has portrayed the regional plan as superseding the Reagan-Wright plan, and Mr. Reagan has tentatively endorsed the regional plan.

According to Mr. Weinberger, the appendix, intended as an administration interpretation of the Reagan-Wright plan, specifies that there should be no lag time between an end to aid to the contra and the restoration of democracy in Nicaragua.

"If that were allowed to happen," he said, "and they withered away as a military force in the field, there would be no leverage left on the Sandinistas."

In addition, the 21 points "define humanitarian aid as aid necessary to keep the force in being as a military force, while observing a cease-fire," Mr. Weinberger said.

An aide to Mr. Wright said Tuesday that the points were a White House idea that Mr. Wright and other congressional leaders rejected as contrary to the Reagan-Wright plan. That plan calls for an immediate cease-fire and suspension of emergency law in Nicaragua and would ask Congress to resume aid to the contra only if there is no agreement on negotiations by Sept. 30.

"The 21 points have absolutely no standing and are not part of the agreement," an aide to Mr. Wright said. "Mr. Weinberger was never part of the negotiations and appears to be out of step with the White House and the State Department."

Bumped Too Often, U.S. Business Fliers Shift Habits

By Marsha Hamilton
WASHINGTON — Cancellations bedeviling air travelers in the United States are changing the domestic travel habits of some of the airlines' most valued customers — business fliers.

Poor service is driving American business travelers away from certain airlines and airports, and in some cases it is driving them off commercial carriers altogether. It is leading them to book flights at off-peak hours and to schedule trips so they arrive the night before a morning meeting, according to business travelers and travel industry sources.

Those strategies are adding significantly to corporate travel budgets, but most business travelers believe they have no choice.

It may mean spending a little more to ensure a business executive's timely arrival for a key meeting, but as Mitchell York, editor of Business Travel News, puts it, "It depends on what you define as costly. Missing a business meeting is very costly."

"If you have an 11 A.M. meeting and you leave at 8 A.M. and miss the meeting because you don't arrive until early afternoon, it might cost \$1 million, compared with \$125 for a room," said Mr. York, whose weekly magazine is aimed at business travel planners.

At the top of the list of airlines provoking consumer complaints to the Department of Transportation have been Continental Airlines and Eastern Air Lines, both subsidiaries of Texas Air Corp. Several corporate travel planners said that they often get requests to avoid booking flights on those airlines.

Some companies are using corporate aircraft more. "From a pure dollar standpoint, there's no way you can justify a corporate airplane," said David Curtiss, manager of corporate travel for Upjohn Co.

But, he added, "If that multimillion investment in that airplane means you can be somewhere to make a decision that wouldn't have been made or couldn't have been made properly before, you can recoup that money in increased business opportunities and profits."

Edward T. Chu, director of aviation and travel for Warner-Lambert Co., said his corporation's helicopter and two jets "are being scheduled now pretty close to optimum usage." The costs are sometimes justified on overseas or transcontinental flights, particularly if the company's airplanes are full, he said.

There are no comprehensive figures on the added costs that businesses are incurring, but even a small percentage increase can add up to tens of thousands of dollars for an individual company.

When business travelers book flights on commercial air carriers, "they're buying a schedule," said Travis Tanner, president of retail travel for Carlson Travel Group, which owns Ask Mr. Foster, one of the largest travel agencies in the United States. "If they buy a schedule, and it never flies on time, is that really worth the price?"

Business customers use a large and profitable part of the market for airline services. Last year, 46 percent of all travel on airlines was for business purposes, according to Airline Economics Inc., a research and consulting company.

But even that percentage understates the importance of business travel to the airlines. Because business travelers are more likely to pay full fare rather than travel on discount tickets, they represent big profits for airlines.

Not everyone is suffering from the difficulties that business travelers encounter. Airport hotels reap the benefits when flight delays leave crowds of passengers stranded.

Many devices have been adopted by business travelers to help ease the pain of flying, including carrying baggage on board, using airline clubs in airports as work places and trying to fly early in the morning before delays start backing up the system, especially in the peak travel hours of 4 P.M. to 7 P.M.

"There's really not very much the traveler can do except to plan as much as possible to minimize exposure," said Phil Davidoff, president and general manager of Belair Travel Consultants in Bowie, Maryland. He is also national vice president and secretary of the American Society of Travel Agents.

Much of the difficulty that travelers encounter arises from the airlines' use of the hub-and-spoke system of routing. In this system, carriers arrange their routes so that many flights converge at "hub" airports. The idea is to maximize traffic. An airline might not be able to justify more than one flight a day from City A to City B. It might, however, be able to justify eight flights a day from City A to its hub, where passengers could connect with flights to 30 different cities, including City B.

But hub-and-spoke routes have proven prone to disruption. The hubs are often congested, and airports at the tips of the "spokes" are short on backup equipment and repair capabilities.



Ariel Sharon, the former Israeli defense minister, during a lecture marking the fifth anniversary of the Lebanon invasion.

Sharon Revives Debate Over Lebanon War

By Thomas L. Friedman
New York Times Service

JERUSALEM — Just as the five-year scars from the invasion of Lebanon were starting to heal in Israel, and just as the bitter memories were beginning to fade, Ariel Sharon has revived the wrenching debate over who was responsible for Israel's most controversial war.

Mr. Sharon delivered a nearly four-hour lecture at Tel Aviv University on Tuesday night, giving his first detailed version of how the full cabinet, and not he alone, was responsible for the decision-making "from A to Z" during the 1982 Israeli invasion.

On Wednesday, those criticized by Mr. Sharon responded with equal passion. One word ran through their rejoinders: "Liar."

Among the reactions was a call by Foreign Minister Shimon Peres for an official inquiry to determine definitively whether Mr. Sharon, who was defense minister during the war, misled the government.

In June, the Jaffee Center for Strategic Studies at Tel Aviv University invited a few Israeli generals and military analysts for a private academic seminar on the war. Mr. Sharon, who was criticized by the participants, was not invited. He asked for equal time and the Jaffee Center accommodated him with the public forum Tuesday.

The overall theme of Mr. Sharon's lecture was simple and oft-repeated: The man everyone claimed was the maestro of the Lebanon invasion, Ariel Sharon, was nothing more than a first violin, dutifully playing to music written and directed by others.

The basic plan for the war, Mr. Sharon argued, was conceived years before he became defense minister, hence talk of "Sharon's war" is nonsense. The actual execution of the war was approved by Prime Minister Menachem Begin and the cabinet at every stage, Mr. Sharon said, hence allegations that he did not keep the government informed were baseless.

Finally, he said, the army command daily was given clear directives from him, hence claims by generals that they could not achieve their military objectives because they were never clearly laid out were without foundation.

There was little news in Mr. Sharon's speech. The facts and the general line of his argument had been heard in less detail before. His bottom line was that the Lebanon invasion was a success, that it drove the Palestinian "terrorists" out of Lebanon and he was proud to have shared in it.

At one point during the lecture a young woman in the audience stood up and began screaming, "How can you not be ashamed of yourself?" A security guard quickly whacked her across the mouth and dragged her outside by the head, as she kicked and screamed.

Mr. Sharon said that as early as 1980, the defense minister, Ezer Weizman, had informed the cabinet that the Israeli forces had de-

vised a plan "to reach Beirut and to link up with the Christians."

From the end of 1981, Mr. Sharon said, he repeatedly informed the army's general staff that both he and the cabinet felt that there was a high probability Israel would have to enter Lebanon to destroy the Palestine Liberation Organization's infrastructure there.

Mr. Sharon cited numerous examples of how senior members of the Labor Party, such as Yitzhak Rabin and Mordechai Gur, were both aware of and supportive of this plan, even to the point of pressing Mr. Sharon to go farther.

Mr. Sharon said that from January 1981 to September 1982 the cabinet discussed the Lebanon situation and developments in the war 93 times, and all the key decisions were made by Mr. Begin and his ministers.

Mr. Gur, a former chief of staff, called Mr. Sharon's talk "the lie of the century," perpetrated by a man who wants to spread the blame for his failure.

Israeli Aide Says Shultz May Visit to Push Peace

JERUSALEM (Reuters) — The U.S. secretary of state, George P. Shultz, is likely to visit Israel in a few weeks to spur Middle East peace efforts that are deadlocked over the issue of an international peace conference, a senior Israeli official said Wednesday.

The official, an aide to Prime Minister Yitzhak Shamir, was reporting on a meeting Wednesday between Mr. Shamir and Mr. Shultz's executive assistant, Charles Hill. He said Mr. Shamir had told Mr. Hill that Washington must consider alternatives to an international peace conference.

In Washington, a State Department official said Wednesday that Mr. Shultz had no plans to visit Israel soon.

"There is no plan now," said the official, who asked not to be identified.

Mr. Hill has been in Jerusalem since Saturday. He is trying to break the stalemate between Mr. Shamir, who opposes the idea of a UN-sponsored conference, and Foreign Minister Shimon Peres, who favors it, Israeli officials said.

Mr. Hill said during the meeting with Mr. Shamir that Mr. Shultz was willing to come to Israel in a few weeks to promote an Israeli-Arab dialogue. Mr. Shamir's aide said.

After the meeting, Mr. Hill said, "I had serious and responsible talks with the prime minister on some very important issues. There is more thinking and effort to be done."

Washington initially opposed a conference that would include the five permanent members of the UN Security Council, but in recent months has given the idea qualified support at the urging of Mr. Peres, Arab nations and the European Community.

Aides to Mr. Shamir said it appeared that Washington was now willing to take into account the objections of Mr. Shamir and his Likud bloc and to try to find other ways to bring about talks.

Mr. Shamir views the proposal for an international peace confer-

ence as a Soviet-inspired scheme to force the return of Arab land captured by Israel in the 1967 Middle East war.

He has proposed a U.S.-backed regional conference involving Jordan, Egypt and Israel and has urged an interim solution for the West Bank and Gaza, where about 1.4 million Palestinians live under Israeli rule.

"An international conference is being viewed as one alternative but not as the only alternative," Mr. Shamir's aide said. He said that Mr. Shamir hoped some of his ideas would "now be expressed in the field."

Mr. Peres has said that international talks are the only realistic way to draw Jordan into peace negotiations.

WORLD BRIEFS

Sri Lanka Mine Kills 2 Indian Officers

COLOMBO, Sri Lanka (Reuters) — Indian peacekeeping troops in Sri Lanka suffered their first casualties Wednesday in an accidental land mine blast that killed two officers and injured two soldiers.

A spokeswoman for the Indian High Commission in Colombo said a mine exploded during mine-clearing operations in the northern city of Jaffna, killing a major and a noncommissioned officer.

Jaffna was the main stronghold of Tamil separatist guerrillas during a four-year conflict with Sri Lankan troops. The victims were the first casualties among 6,000 Indian troops supervising a July 29 accord that ended the conflict. Four guerrillas reportedly were killed Tuesday while removing land mines in the Jaffna Peninsula.

U.S. Urges Israel to End Lavi Project

WASHINGTON (NYT) — The United States has urged Israel to scrap its costly program to produce the new Lavi jet fighter.

"Given the budgetary realities we and Israel face," said Charles E. Retman, the State Department spokesman, "we believe a decision by Israel to terminate the Lavi would be in the interest of both our countries." The American statement came on Tuesday as the jet, which is split on the issue, neared a decision on the fate of the jet. The jet has been under development largely with American financial aid — about \$1.5 billion in U.S. support so far. The project has proved to be more costly than Israel had estimated.

U.S. Plot to Kill Khomeini Is Alleged

KUWAIT (Reuters) — Adnan Khashoggi, who played an important role in brokering secret U.S. arms shipments to Iran, said in an interview published Wednesday that the United States once planned to assassinate the Iranian leader, Ayatollah Ruhollah Khomeini.

Mr. Khashoggi said that after the United States began contacts with Iran, a plot was hatched "to liquidate Khomeini and give power to a new man." The Saudi Arabian businessman, whose U.S. holding company has filed for protection under the U.S. Bankruptcy Code, said the plot envisaged killing Ayatollah Khomeini by "putting something in his tea or something like that."

In the interview, published in the Kuwaiti newspapers Arab Times and As-Sayassa, he also said Egypt was initially involved in contacts that eventually led to the U.S. arms sales to Iran.

Typhoon Batters Central Philippines

MANILA (UPI) — The most powerful typhoon in six years battered the central Philippines on Wednesday, news reports said. Heavy rains and winds as high as 162 mph (260 kph) caused flash floods and forced thousands of people to flee their homes.

In a bulletin issued at noon, the Manila Weather Bureau said the typhoon designated Betty had slammed across the northern section of Samar, the nation's third largest island, with peak winds of 162 mph. It was the worst typhoon to hit the country since one called Irma struck with equal force in November 1981, killing 470 people.

The typhoon's strength diminished to 137 mph as it lumbered northwest through the interior at 11 mph. The typhoon was expected to strike 25 provinces, including metropolitan Manila, before it moved into the South China Sea late Thursday.

New Cabinet Announced in Portugal

LISBON (AFP) — Prime Minister Anibal Cavaco Silva, who was re-elected last month in Portugal, announced a new cabinet Wednesday.

Mr. Cavaco Silva, a Social Democrat whose party won a parliamentary majority in general elections July 19, has kept nine ministers from his departing cabinet, four of whom have changed ministries.

He created a new post of deputy prime minister, to which he named Eurico de Melo. Joaquim Fernando Nogueira was named to another new post of minister to the president, which he will hold concurrently with the justice ministry. Four departing ministers will not be in the new government, including Foreign Minister Pedro Pires de Miranda and Defense Minister Leonardo Ribeiro de Almeida.

Chile Lifts Ban on an Exiled Writer

SANTIAGO (UPI) — The military government has lifted a 10-month ban against the exiled writer Ariel Dorfman and announced it will allow 21 other political exiles to return.

Mr. Dorfman, 45, a U.S. resident and professor of Latin American literature at Duke University in North Carolina, was refused entry to Chile and put on a plane to Argentina on Aug. 2 when he tried to return from the United States.

An Interior Ministry spokesman announced Tuesday night the lifting of a decree passed in October to prohibit the writer and columnist from entering Chile.

For the Record

A seventh person has died from the suburban Munich airplane crash that gutted a McDonald's fast-food restaurant and a city bus on Tuesday, the police said Wednesday. (AP)

The Swiss transport and energy minister, Leon Schiumpf, said Wednesday in Bern that he would resign Dec. 31. Mr. Schiumpf, 62, who has held the post since 1980, said he did not feel ready to serve another full, four-year term, in which decisions are likely to be made on the future of nuclear energy in Switzerland and expanded rail service. (AP)

Three men raked a police station with submachine gun fire Wednesday in an Istanbul suburb, killing a policeman and wounding two others, the Turkish police said. There was no immediate claim of responsibility for the attack. (AP)

Justice William J. Brennan Jr. of the U.S. Supreme Court was to leave the Mayo Clinic Wednesday after tests revealed he does not have prostate cancer, the court said Wednesday. (AP)

TRAVEL UPDATE

Alitalia Joins Computer Network
ZURICH (Reuters) — Italy's Alitalia airline has joined Swissair, British Airways, KLM Royal Dutch Airlines and United Airlines of the United States in the battle to set up a Europe-wide airline computer booking system, Swissair said.

The move increases to seven the number of carriers in the system, to be known as "Galileo," which also includes Austrian Airlines and British Caledonian. A rival system, named "Amadeus," is backed by West Germany's Lufthansa, Air France, Spain's Iberia and Scandinavian Airline Systems. European airlines have been trying to agree for months on a single computer booking system that could compete with those of U.S. carriers.

A forest fire on the Greek island of Rhodes was being contained Wednesday between two central villages after it ravaged about 40,000 acres (16,000 hectares), officials said. They said the island was safe for vacationers. (AP)

A hydraulic fault in the brakes of a British Airways Concorde was blamed for an incident Tuesday at Kennedy International Airport in which five of the supersonic plane's 10 tires burst upon landing. Airline officials said the tires blew when the wheels locked momentarily. (AP)

Manila Takes Action On Violence, Sedition

MANILA — The Philippines, shaken by a series of assassinations, announced Wednesday the implementation of special courts, military checkpoints and a crackdown on unlicensed guns, but President Corason C. Aquino ruled out emergency restrictions on civil rights.

Mrs. Aquino, leaving a weekly cabinet meeting, shook her head and said "No" when asked if she foresaw a situation in which she might suspend habeas corpus to curb growing violent crime.

The chief justice of the Supreme Court, Claudio Teehankee, announced that special courts would be set up to handle cases of subversion, rebellion, sedition, illegal possession of firearms, drug pushing and other serious offenses that carry a possible sentence of life imprisonment.

"A strong and adequate response from the courts by way of speedy trial and judgment can serve to deter criminal elements," he said.

General Fidel V. Ramos, chief of the armed forces, set up military checkpoints on major roads around Manila and ordered a nationwide drive against unlicensed guns.

The full 160,000-member armed forces has been mobilized in the campaign against unlicensed guns, which will include raids on hide-outs of criminal syndicates and private armies, a statement from the military said.

The anti-crime drive is "in compliance" with orders issued Sunday

by Mrs. Aquino "for sweeping countermeasures to eliminate the alarming proliferation of firearms and crimes," the statement said.

The measures follow the murder of Jaime Ferrer on Aug. 2, the local government secretary, and a series of unsolved killings of soldiers and policemen in major Philippine cities, which have been blamed largely on Communist guerrilla hit squads.

Enrile Gets Senate Seat
The Supreme Court ordered election officials on Wednesday to proclaim Juan Ponce Enrile, the opposition leader and former defense secretary, the winner of a contested Senate seat, The Associated Press reported from Manila.

Mr. Enrile, who will be only the second opposition member in the 24-seat Senate, called the court ruling a victory for "the entire system under which we live."

The Commission on Elections proclaimed winners in 23 Senate races after May 11 elections, but left the last seat vacant pending court challenges by Mr. Enrile and Augusto Sanchez, a former labor minister under Mrs. Aquino.

In its ruling, the Supreme Court voided an order by the commission granting Mr. Sanchez a vote recount. The court said too much time had passed since the election. Mr. Sanchez had contended that thousands of ballots were discarded because they carried only his last name and canvassers could not tell if the votes were for him or another candidate, Gil Sanchez.



Jean-Jacques Kowalczyk, 2, waving from his father's back in Chamonix, France.

2 Forced to Halt Alpine Climb With Baby

CHAMONIX, France — The French police compelled a woman to abandon on Wednesday a climb to the summit of Mont Blanc, Europe's highest peak, with her 2-year-old son.

Ten minutes after Elisabeth Kowalczyk, 34, and her husband, Andrzej, 38, arrived with their two sons at a refuge at an altitude of 10,387 feet (3,160 meters), police officers made her and her sons take a helicopter down to Chamonix.

The police had said they intended to bring charges against the parents for ill-treating the 2-year-old boy. But later they announced that charges would be dropped because force had not been required to persuade the parents to abandon their project.

Mr. and Mrs. Kowalczyk delayed their planned departure on Tuesday after the judicial authorities threatened to pursue child abuse charges if they

attempted the climb with their sons, Lucas, 11, and Jean-Jacques, 2.

The couple had hoped to carry the younger boy up 15,771 feet to the summit in a baby carrier. The boy would have been the youngest person to arrive at the summit.

"It is insane to want to take a child that high," said the commander of the Chamonix police.

The judicial authorities had said that they could intervene when the family reached the first camp. The authorities would consider it the beginning of an attempt to reach the peak, and that the "health of the infant could be in danger."

2 Die in Swiss Alps
Two French climbers died after a fall Tuesday while scaling the Matterhorn in Switzerland and four climbers were injured, the Air Zermatt rescue service said Wednesday. Reuters reported from Zermatt.

ORTEGA: Peace Plan Compliance

(Continued from Page 1)

Virgilio Godoy Reyes, president of the Independent Liberal Party, said the ceremony was "for export" and a "bureaucratic procedure."

Since the peace plan was signed, Mr. Ortega and other Sandinist officials have been defining a ceasefire in terms of a surrendering of arms by the rebels. However, the guerrillas have insisted on a ceasefire "in place" under regulations that allow their forces inside Nicaragua to continue receiving food, medical supplies and other "humanitarian aid."

In a televised speech Saturday, Mr. Ortega ruled out negotiations with rebel leaders.

Reagan to Speak On Iran Hearings
WASHINGTON — President Ronald Reagan was to make a televised address Wednesday night on his "personal impressions" of the Iran-contra hearings, which documented discord, deceit and possible illegal actions by White House officials.

In his third major speech on the U.S. arms sales to Iran and the diversion of some profits to the Nicaraguan rebels, Mr. Reagan was to speak on national television for about 18 minutes.

Administration officials, speaking privately, said Mr. Reagan would say that he accepts responsibility for the affair and that it is time to move on.

ernment is to choose one member and an alternate from among them. Foreign Minister Miguel A Escoto Broekmann said Cardinal Obando y Bravo had been invited to nominate three bishops for the commission. "This is an indication of the seriousness with which we take our commitment to total fulfillment of all the agreements in the accord signed in Guatemala," he said.

He added: "We're going to prove that the Nicaraguan revolution is very much committed to democracy." He said Nicaragua was the first country to start the processes required by the peace agreement.

"It was a publicity show more than anything," said Erick Ramirez Benavente of the Social Christian Party. He said that until the Sandinists lifted a state of emergency decree, freed political prisoners and allowed closed newspapers and radio stations to reopen, the opposition would not take "democratization" seriously.

This Time, the U.S. Pulled the Trigger on a Threatening Blip

By Molly Moore
Washington Post Service

WASHINGTON — High in the hazy skies over the Strait of Hormuz, a U.S. fighter pilot on Saturday did what his counterparts on a U.S. warship in the Gulf failed to do three months ago: He took the split-second leap into military combat.

Sighting on his radar what appeared to be an Iranian warplane approaching at speeds that turn miles into milliseconds, the navy F-14 Tomcat pilot fired two missiles at what he judged to be a hostile target.

Almost simultaneously, the radar "blip" signifying an intruder aircraft showed that it banked sharply, turned and disappeared, dodging the radar-guided Sparrow missiles, according to military accounts.

"It was the USS Stark revisited," one military official said.

The Reagan administration refused Tuesday to confirm that the incident occurred, saying that to discuss publicly what had happened could encourage violent retaliation by Iran.

In the tension-charged Gulf, where the crews of U.S. warships stand at battle stations alert to escort reflagged Kuwaiti

tankers through the Strait of Hormuz, the May 17 missile attack on the frigate Stark, which killed 37 sailors and wounded 21, is exerting heavy influence over the actions of military officers, according to Pentagon officials.

The parallels were striking, said sources familiar with the missile-firing incident.

In reconstructing the incident, sources say that just hours after a navy-escorted convoy of reflagged Kuwaiti oil tankers began plowing through the calm waters of the Strait of Hormuz, U.S. officials noticed what they believe was an Iranian U.S.-built F-4 Phantom fighter trailing one of the navy's P-3 surveillance planes flying ahead of the escorting mission.

U.S. aircrews warned the Iranian plane away, but it did not respond. "Nothing... it kept coming, coming, coming," one Pentagon official said.

In the Strait below, a radioman aboard an American air-defense Aegis cruiser ordered the intruding jet to change course. Still no response.

Then, a formation of F-14 fighters accompanying the escorting mission streaked across the sky, ready to protect the lumbering P-3, according to the scenario sketched by administration officials.

The twin-engine, swing-wing fighters, both massed their targets.

It was all over in a matter of seconds. The Americans never visually sighted the presumed intruder plane. Administration and military officials now say they are not certain what type of plane caught the attention of U.S. sensors, or whether any enemy airplane even existed.

"Nobody was going to take any chances," one administration official said.

On a Saturday night three months ago, the crew of the USS Stark, one of the U.S. warships stationed in the Gulf, took a chance.

The ship's electronic monitors as well as a nearby surveillance plane spotted an aircraft flying erratically toward the Stark.

Identified as an Iraqi warplane, it should have been a "friendly." But it continued to approach and after long minutes, the ship's radioman warned the plane to turn away.

But it was too late.

By the time the Stark's officers realized the danger, two Exocet missiles were homing in on the ship, and there was no time left to activate weapons or defenses.

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After that incident, Defense Secretary Caspar W. Weinberger stressed anew the "terms of engagement" for firing at poten-

Bonn Swaps Prisoners With East

BONN — A West German aerospace engineer who betrayed the secret of a European jet fighter to the Soviet Union was exchanged Wednesday for a prisoner in East Germany whose freedom has been sought for years by Bonn, government sources said.

Manfred Rotsch, 63, was handed over to East German officials at the border town of Herleshausen, along with two minor East German spies, the sources said.

East Germany in return released Christa-Karin Schumann, 52, the imprisoned friend of a top East German naval officer executed in 1979 for spying for the West.

Mr. Rotsch, the East German-born former research chief of West Germany's leading aerospace company, was sentenced to eight and a half years in prison in July 1986 for passing on secrets of the Tornado combat aircraft to the Soviet Union. He was arrested by West Germany in 1984.

The sources confirmed a report by the Bild newspaper, which named the two other East German spies traded Wednesday as Klaus Schmidt and Wolfgang Klautzsch, described as "small fry" serving two to three years in prison for espionage.

The government sources said the release of Ms. Schumann, long sought by Bonn, was clearly linked to the visit to West Germany next month by the East German leader, Erich Honecker.

Ms. Schumann was arrested by security agents more than eight years ago at the same time as her companion, Rear Admiral Winfried Baumann-Zakrzewski, on charges of treason.

He was executed shortly after his conviction, an unusual measure in East Germany, where spies usually are imprisoned with a view to later trades with the West.

The best chance to avoid a repeat of the Stark incident is to be absolutely clear we mean to retaliate.

— Les Aspin, Democrat of Wisconsin

danger," according to officials. But the opposing plane drew closer and closer, and in a fraction of a second, the U.S. jets entered the potential missile range of their adversary.

In a moment, an American pilot fired two Sparrow air-to-air missiles. Guided by radar from the launching jet and its own

equipment, the rockets streaked ahead, but both missed their targets.

It was all over in a matter of seconds. The Americans never visually sighted the presumed intruder plane. Administration and military officials now say they are not certain what type of plane caught the attention of U.S. sensors, or whether any enemy airplane even existed.

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tially hostile threats in the Gulf region, giving military officers more assurances of their ability to defend themselves.

"The best chance to avoid a repeat of the Stark incident is to be absolutely clear we mean to retaliate," said the chairman of the House Armed Services Committee, Les Aspin, Democrat of Wisconsin, on Tuesday.

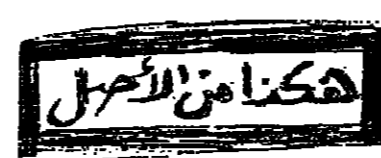
"The way to save lives is to be very aggressive," he said.

Officials, who said they are still trying to piece together the events, have not ruled out that the Saturday incident could have occurred in the same area of the strait when lieved to be activity at a previously unknown Silkworm anti-ship missile-launching site on the Iranian side of the waterway.

In the fighter incident, officials said, sophisticated equipment in U.S. planes warning signal about an approaching aircraft.

In addition, officials said, an airplane in a different vicinity could have used its false location to the U.S. search equip-

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Enter the Groom, Bearing a Bouquet of Premarital Contracts

By Anna Quindlen
New York Times Service

NEW YORK — So I'm reading about Joan Collins, who got married last year in Las Vegas to a man 14 years her junior whose only résumé description was "former Swedish pop star." And I'm reading about Sylvester Stallone, who married a woman, usually photographed wearing no more than the equivalent of a bandanna, who introduced herself by sending a photograph to his hotel room after she had ditched her baby and her first husband in Denmark. (I mean, what are they feeding them in Scandinavia? Human blood?) And I see that these people are getting divorced.

Somehow, I am no more surprised than I was to hear that people claiming to be Elvis's love children are sprouting like soybeans all over the South. As the Trogs once sang so wisely, love is strange. Particularly when you live in Hollywood.

Life Styles of the Rich and Predictable — I love it. I read People magazine every week, and believe me, I don't read it for those dumb Q and A's about how stress can make you

sick or for the pieces about Jane and John Doe, who run the biggest little pig farm in Iowa. I read it for Joan and Stallone and Farrah and Ryan and Tatum and Liz.

I love the way these people live, because there's such an incredible logic to it all: love children, the Betty Ford clinic, personal relationships with the spirit world. If you get married in Las Vegas and the bridegroom wears white and carries a simple bouquet of premarital contracts, common sense tells you that a divorce will follow in very short order, and that some party to the divorce will be represented by Marvin Mithelosen.

You know what to expect from Liz Taylor's life. First she shows up at some event with a guy. Then she gets some large jewelry from the guy. Then she marries him. Then she divorces him. Yes, these people lead lives with definition and norms. It's the rest of us who have weird, off-the-wall ways. In my circle, for example, it is not totally uncommon for a man to come home one night after 14 years of marriage, two children, two renovations, three attempts at the Scarsdale diet, a stint at Smoke Enders and one midlife crisis,

and say, without warning, on a day no better or worse than thousands of others: "I don't love you. I never loved you. I'm leaving." And there you are, ditched by a person who is not even Scandinavian, with no jewelry and no premarital contract.

In Hollywood, I'm sure none of this would come as a surprise, except it would be more likely to happen in 14 days, not 14 years. Your husband would open his mouth and before he got a word out, you would say: "I'm not stupid. I saw in The Star that Priscilla is having your kid child."

My husband is appalled — not by Joan's husband's little Passion Flower or those wild accusations about Siv's estranged wife and her secretary, but by my interest in it all. He's even threatened that if I abdicate my responsibilities and order too much Chinese takeout, he's going to tell the world that I can't get going in the morning without a cup of coffee and a gossip column. Let him. Where else am I going to get this stuff? Here at home? This is not a life that is going to wind up in the full-color tabloids, no matter how you cut it. "Quin and Christopher in Backyard Wading Pool

— As You've Never Seen Them Before!" "Gerry: There Were Never Enough Clean Socks." "Love on the Rocks: Bottled Salad Dressing the Last Straw." "Circulation plummeted."

The appeal of these people is that they are not at all what I find at home. (For one thing, they decorate in all-white.) It's a great combination: glamour and predictability. We're not strong on either one of them around here. My kids might turn out to be architects, or heavy-metal drummers (please, God, no!), or farmers or lawyers. They might be good or bad or good and bad. This is different from the kids of celebs, who are either very, very good ("Lisa Marie Presley: 'I'll never be like my father'") or very, very bad ("Lisa Marie: 'She's just like Elvis,'" says Priscilla).

My friends don't have glamorous, predictable lives either; they have to make do with their relationships instead of figuring they'll meet someone better on the set of their next film.

Maybe that's why I'd be more tolerant of the Princess of Wales's problems if she were a friend of mine. She might call and say, "He's too

old; he's never home; all he wants to do is garden and go to swamis; his mother thinks she runs the world." And I might tell her: "Look, Diana, he's a great father, he never embarrasses you in public, he wears nice clothes and he keeps the garden looking good. Plus you have a terrific house and great jewelry, and anyhow, when was the last time I met Rod Stewart and Timothy Dalton?"

But when I read about her in the tabloids ("Di Disgruntled, Dances at Disco"), I just think, "What did she expect?" She should have known that there are standards in the public eye. I've learned them just by keeping tabs on the divorces and the columns.

Let's say Sly calls me up, even as a friend, and says: "I met this girl. She's 17 years younger than I am, six feet tall and she's usually sort of seminude and draped all over me. Her acting credits could fill a matchbook, but I'm going to put her in my next movie, and also marry her." What could you say, except suggest that he get a premarital agreement and insist on having People magazine shoot him on his good side when the separation is announced?

Arias Insists Managua Reinstate a Free Press

By Stephen Kinzer
New York Times Service

SAN JOSE, Costa Rica — President Oscar Arias Sanchez of Costa Rica, whose Central American peace proposal was signed by regional leaders last week, has declared that the plan cannot succeed unless Nicaragua allows opposition press outlets to reopen.

"The language of the agreement is very explicit and not open to interpretation on this point," Mr. Arias said in an interview Monday. "Fortunately Spanish is not an ambiguous language."

After the signing of the plan Friday in Guatemala, President Daniel Ortega Saavedra of Nicaragua said the reopening of silenced opposition voices, including the newspaper La Prensa and the Roman Catholic radio station, was "an option of ours."

Mr. Arias said that by Nov. 7, the deadline set by the accord, Nicaragua must lift the state of emergency that has been in force for five years and "place all communications media at the service of the entire Nicaraguan people."

More than 20 radio news programs have been halted since the Sandinista government came to power in Nicaragua eight years ago, and both television stations are controlled by the government.

Also by Nov. 7, under the accord, all outside aid to Central American guerrilla forces must cease. Although no countries outside the region signed the accord, Mr. Arias said the two countries that have most actively supported rebel groups in the region, the United States and Cuba, were obliged to abide by it.

For many years, it has been alleged that the Central Americans are unable to resolve their own problems," Mr. Arias said. "Now we have shown that we have the capacity to be flexible and to make concessions in order to reach a consensus. Both the United States and Cuba have a moral obligation to support what we are doing."

Mr. Arias conceded that intensive negotiations would be necessary in the next three months to establish details of the cease-fire mandated by the accord. The talks are to begin with a session of foreign ministers scheduled for late August.

"Whether this means that the contras in Nicaragua will be able to receive food and supplies while the cease-fire is in effect, or whether the guerrillas in El Salvador will be able to move or will have to stay in fixed positions, are things that will have to be discussed," the Costa Rican leader said. "To have a cease-fire, you need the agreement of the insurgent groups, and that is something that remains to be obtained."

There is also an insurgency in Guatemala.

For Biden, a Minefield Ahead in Bork Hearings

By R.W. Apple Jr.
New York Times Service

WASHINGTON — The Senate Judiciary Committee hearings on President Ronald Reagan's nomination of Judge Robert H. Bork to the Supreme Court may profoundly affect not only the court's ideological balance but also the 1988 presidential campaign.

In the preliminary skirmishing over the Bork nomination, much of the political attention has been focused on Senator Joseph R. Biden Jr. of Delaware, the committee chairman, who is also a leading Democratic presidential hopeful. Mr. Biden is a declared foe of Judge Bork, and liberal interest groups are looking to him for support in their drive against the nominee.

Some political analysts see danger for Mr. Biden's candidacy if the committee hearings, which are scheduled to open Sept. 15, narrowly cast the senator as a liberal tool of special-interest groups. Mr. Biden insisted Tuesday in San Francisco that there had been no lasting damage so far, but the weeks ahead are expected to confront him with as many pitfalls as shining opportunities.

The political ramifications extend far beyond Mr. Biden. The committee hearings and the subsequent debate and vote in the full Senate, which could last through November, will almost certainly help shape the way the nation looks at the Democratic Party and its standard-bearer.

For the last three years, since their crushing defeat in 1984, when Walter F. Mondale is thought to have been hurt by his close ties to many special-interest groups, the Democrats have been trying to concentrate on mainstream issues such as the economy and foreign policy. They have been trying, in other words, to stay away from the social issues, such as abortion and gun control, that have pushed many blue-collar Democrats toward the Republicans.

The Bork debate may have the potential to re-establish the links between such issues and the Democratic Party in the mind of the electorate.

At the same time, some of those outside forces arrayed against Judge Bork have the ability to mobilize their members and backers in ways that could help push one Democrat to the head of the field.

Mr. Biden said last month that he, his committee and his Democratic colleagues in the Senate had to be careful not to dwell too much on any one issue in attacking Judge Bork's fitness to serve on the Supreme Court. Otherwise, he said, the Democrats will be seen "as the party of special interests, as a single-issue vehicle" — precisely what they have been trying to avoid.

In San Francisco, where he addressed a division of the American Bar Association, the senator contended that he had sustained no damage in the eyes of the electorate because the American people had not focused on the Bork question.

Senator Albert Gore Jr. of Tennessee, another of the Democratic presidential candidates, has yet to state a position on Judge Bork but he recently criticized Mr. Biden for having done so. Mr. Gore compared him and other Democrats who have already declared their positions to the Queen in "Alice in Wonderland," who said, "Sentence first — verdict afterwards."

A filibuster against the nomination, a tactic that Mr. Biden has declined to forswear, could also harm the party's image, especially if Judge Bork, a man of considerable personal charm, makes a compelling witness on television.

Three Democratic senators who are running for president — Mr. Biden, Mr. Gore and Paul Simon of Illinois — will have to vote to confirm or not to confirm, and two of them — Mr. Biden and Mr. Simon — will have to vote in committee as well. Mr. Simon has expressed some reservations about Judge Bork but has promised to reserve final judgment until after the hearings.

Eddie Mahon, a Republican political consultant, asserts that the Bork nomination may save his party in 1988 by demonstrating that the Democrats, or at least their chief spokesmen, are more liberal on social issues than Middle America. Other Republican strategists disagree. But it is clear that the confirmation process offers Senator Bob Dole of Kansas, the Republican minority leader, a chance to identify himself strongly in the public mind with the more conservative position on a whole range of social issues.

That could be a considerable asset to the senator. He has been struggling to convince party conservatives that he is well attuned to their thinking as his main rivals. Vice President George Bush and Representative Jack F. Kemp of New York.

It is Mr. Biden, though, whose candidacy appears to have been affected most so far. If there has already been damage, as many observers agree, Mr. Biden may well be able to reverse it if he makes a good impression during the hearings.

"He has put himself in an awkward position," said a top Democratic strategist who is uncommitted for 1988. "He was in an ideal position, but he has turned a big plus into a bigger question mark by acting like a hanging judge. The difficulty, I'm afraid, is that he doesn't think things through. He's so bright, but he needs an edit button on his mind before he talks."

A Strong Choice for U.S. Cabinet Praise of Verity Follows Outsider's Surprise Nomination

By Susan F. Rasky
New York Times Service

WASHINGTON — The man President Ronald Reagan has chosen as his next secretary of commerce favors plaid sport coats rather than business suits and penny loafers rather than dress shoes, and he prefers to travel the streets of his Ohio hometown by bicycle rather than automobile.

In short, C. William Verity Jr. — or Bill, as asked to be called by subordinates as well as senior colleagues at Armo Inc. — is an informal man.

Although he has been a corporate executive and was born to wealth, he is known for having the common touch. One of his favorite novels is Ayn Rand, the champion of unfettered capitalism and the triumph of individualism over conformity.

"He's an honest person," said Raymond E. Back, the president of the independent union that represents Armo's 4,400 steelworkers and a professional adversary of Mr. Verity's for many years.

"He's strong, with lots of self-esteem," said Mr. Back. "He listens to both sides, and then he gives you a fair decision."

Such qualities remind people in Washington of Malcolm Baldrige, the popular secretary of commerce whose death last month has thrust Mr. Verity, 70, back into public service.

It is a comparison that will serve Mr. Verity well when he assumes the Commerce job amid tricky bargaining with Congress on trade legislation, mounting tensions with Japan over export controls and an important round of international trade negotiations.

Business lobbyists and trade experts in Washington had urged the administration to choose an "insider" — someone savvy about the ways of Congress and the bureaucracy. Mr. Verity's name never came up in the two weeks of speculation that preceded the announcement of his nomination.

"We had all been so concerned about having someone who could be confirmed quickly," said Alexander B. Trowbridge, the president of the National Association of Manufacturers and a member of the 1981 presidential task force on private sector initiatives that Mr. Verity headed.

"On reflection," he said "Bill Verity is a very good and obvious choice. He and the president just clicked."

Apart from his year as head of the task force, Mr. Verity is no stranger to Washington. He served from 1980 to 1981 as chairman of the U.S. Chamber of Commerce, lobbying for modifications in a wide range of U.S. rules that he said were hobbling American industry's ability to compete abroad.

From 1979 to 1984, as a co-chairman of the U.S.-U.S.S.R. Trade and Economic Council, Mr. Verity sought to expand trade ties with the Russians and to dissuade the government from imposing unilateral

trade sanctions against Communist countries without regard for the effects on American companies.

Mr. Verity is credited with bringing Armo, the nation's fifth-largest steel producer, through the worst of the industry's troubles — mainly overproduction and foreign competition — with far less suffering than other steel companies.

He was elected Armo's president and chief executive officer in 1965 and chairman in 1971, and presided over a major diversification of the company.

But Armo later re-focused on steel and retreated from much of its diversification. During the 1980s it discontinued its insurance business and sold its aerospace operations. Mr. Verity retired as chairman in 1982.

William Lilly 3d, the president of the American Business Conference, a business lobby, described Mr. Verity as a maverick in the steel industry because of his diversification and international views.

"He's feisty, not a shouter, but very self-confident," said Mr. Lilly. "He's like Mac Baldrige in that sense — a man very comfortable with his own success."

Mr. Verity is expected to win swift confirmation by the Senate Commerce Committee. Its chairman, Senator Ernest F. Hollings, Democrat of South Carolina, said Tuesday that he hoped to set a hearing for the week of Sept. 9, when Congress returns from its summer recess.

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C. William Verity Jr.

58 Charged In FBI 'Sting' In New York

By Ralph Blumenthal
New York Times Service

NEW YORK — In a sting operation that swept from Long Island to the Canadian border, 58 people, including 44 New York municipal officials, have been charged with taking bribes and kickbacks from an undercover FBI agent, according to federal officials.

Virtually no bribe offered by the Federal Bureau of Investigation agent, who posed as a salesman of steel products, was refused, the officials said Tuesday.

"On 106 occasions, bribes were offered or discussed," said Rudolph W. Giuliani, the U.S. attorney for the Southern District of New York, who is prosecuting the cases.

He added: "On 105 of those occasions, the public official involved accepted the bribe. And on the other occasion he didn't think the amount was enough."

That official, Mr. Giuliani said, was later arrested on charges of having taken other bribes.

Fourteen suppliers of steel and highway materials also were charged as a result of the operation.

Mr. Giuliani said it was the largest single bribery and kickback case involving municipal officials that he was aware of.

The municipal officials — highway superintendents and purchasing directors — had been targeted as the result of earlier information that included accounts by informants, the officials said.

In all, criminal charges named officials in 40 towns in 15 of New York's 62 counties. In addition to the 58 people named in New York, 10 more — who also dealt with the same undercover agent — were charged separately in New Jersey.

The FBI agent distributed about \$40,000 in bribe money to local officials, said Thomas L. Sheer, the head of the FBI's New York office.

Of the 44 officials who were charged, 26 were arrested Tuesday throughout New York and 15 surrendered at federal courthouses in Manhattan, White Plains and Albany. The rest were still being sought Tuesday evening, according to Mr. Giuliani.

Most of those charged entered pleas of not guilty to conspiracy, mail fraud, racketeering and other charges. All of them were released on their own recognizance.

Nine of the 14 persons connected to suppliers who were also charged in the case had already pleaded guilty.

Those charged each face maximum penalties of five to 20 years in prison and fines of \$250,000.

Canada Recalls Parliament To Deal With Refugee Influx

By Herbert H. Denton
Washington Post Service

TORONTO — Prime Minister Brian Mulroney has reconvened Parliament in an emergency session to seek new powers to deal with the influx of refugees into Canada.

The proposed legislation would sharply raise penalties for ship captains and others who smuggle aliens into Canada and would make it easier for officials to turn away immigrants suspected of being security risks.

Mr. Mulroney's decision to interrupt the lawmakers' long summer vacation followed a public outcry against existing liberal immigration policies after a boatload of 174 Indian Sikhs from refugee camps in West Europe arrived in Nova Scotia in July.

An administrative law judge in

Toronto ordered on Monday the release of the last six of the Sikhs from detention at a Halifax military base. The judge denied the government's request that five of the men be kept in custody because they were regarded as dangerous.

In Calgary on Monday, another judge allowed six Iranians who arrived in that western Canadian city on Saturday without visas or passports to remain in Canada for at least a month to make their claims for refugee status.

Both groups are among the more than 30,000 people expected to arrive in Canada this year, without authorization, to claim refugee status.

As the United States and West European nations have cracked down on illegal immigration in recent years, Canada has become something of a haven for aliens and a target for smugglers drawn to the big profits to be made by transporting them.

Canadian authorities swiftly punished the Swedish captain who masterminded the plan to bring the Sikhs to eastern Canada, giving him the maximum sentence of one year in jail.

The new powers sought by Mr. Mulroney would raise the maximum penalties to 10 years in prison and the equivalent of a \$375,000 fine.

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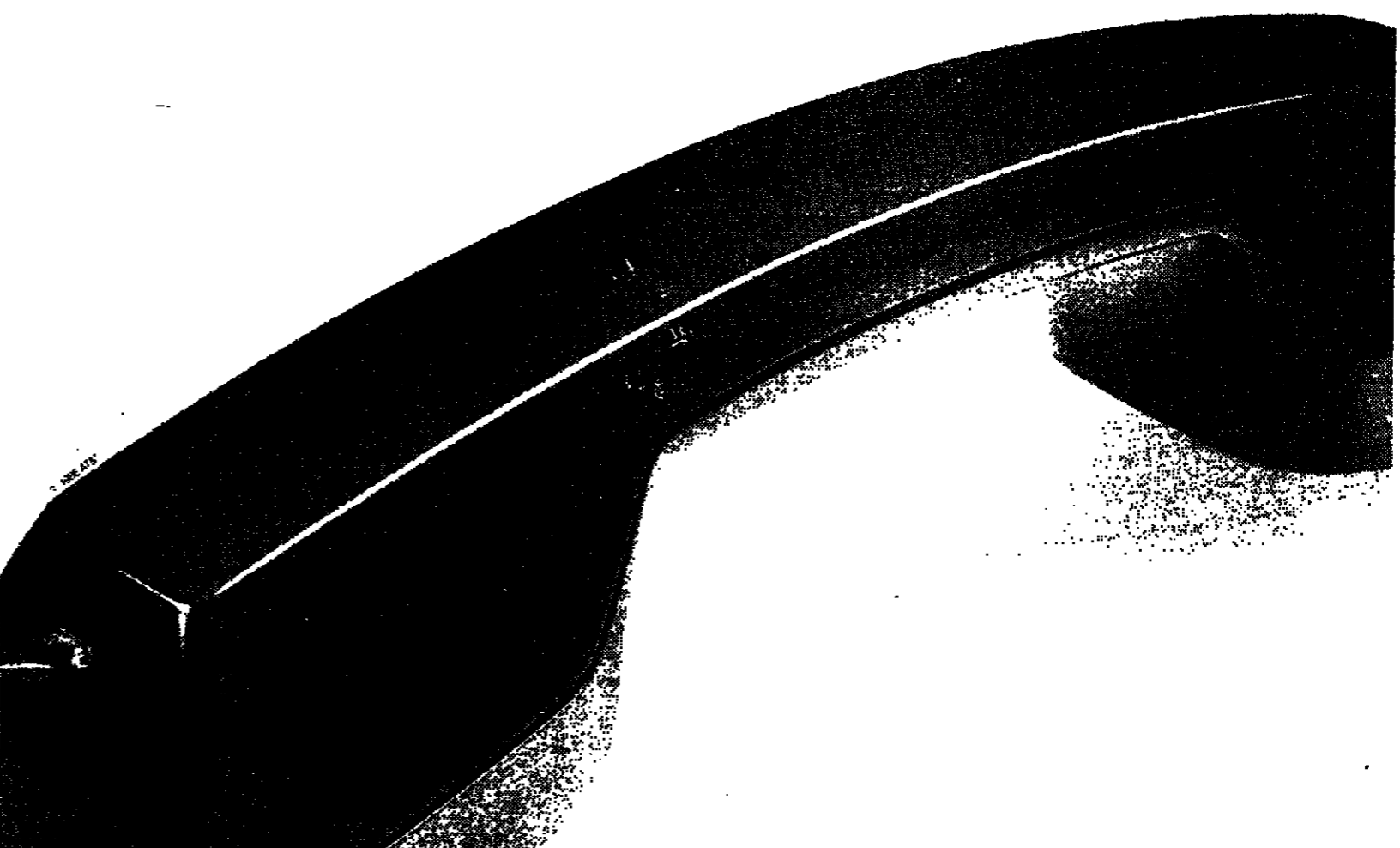
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A U.S. Fatality in Honduras

Agence France-Press

WASHINGTON — A U.S. Army private fell from a rope bridge into a river and drowned while on an exercise in Honduras, the Pentagon said Tuesday. The accident occurred Friday near the juncture of the Guayape and Jalán rivers, about 75 miles (120 kilometers) northwest of Tegucigalpa, a Pentagon spokesman said.



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INTERNATIONAL Herald Tribune

Suspense in the Gulf

A Peace Alternative?

These are nervous times in the Gulf, but the judgment of one careful and informed community, the shippers and insurers, is worth noting. Traffic is near normal. On Tuesday an American-escorted convoy of three tankers arrived safely in Kuwait. Mines are about, but minesweeping duties are being taken up, separately, by the United States, Britain and France. Gulf Arabs are apparently providing somewhat more support than they choose to acknowledge.

It is headline news that American warplanes fired two missiles at an Iranian aircraft "perceived" to be threatening a U.S. patrol plane on escort duty. It seems that the missiles hit no Iranian aircraft, but one can hope they had an impact on the Iranian political consciousness. The jitters about American policy widely expressed in the United States may have made some Iranians doubt that the United States was serious about its escort mission. It is conceivable that Iranians fail to see clearly the difference between the powerful popular dissent to the Reagan policy in Central America and the anxious but unmistakable consent to the Reagan policy in the Gulf. Demonstrating a readiness to defend ships and planes doing escort duty could be a useful antidote to any Iranian misperception on this score.

A cease-fire of sorts had been in effect at sea as a result of the unanimous United Nations Security Council resolution of last month. This partial pause has given definite advantage to Iran, which is proportionately far more dependent on sea traffic than Iraq, and which, meanwhile, mocked the cease-fire appeal and continued to press the ground war it long ago carried to Iraqi soil. Now Iraq has resumed air attacks against Iranian oil and economic targets on land. An Iranian response is awaited.

What might it be? Representative Les Aspin, chairman of the House Armed Services Committee, has been warning that Iran's military strengths in confronting the United States lie in the "no-fingerprints," low-tech domain of terrorism, "invisible" laid mines and the like. A further example lies in the recent staged riots of Iranian Moslem pilgrims in Mecca — riots that the Saudis, belying their reputation of timidity, effectively contained. The low-tech area, however, does not belong to Iran alone. That a ship carrying Iranian oil took a hit during the weekend may remind Tehran, all of whose cargoes come in and out by sea, that mines are a threat to every country's shipping.

Iran appears to be in an unusually contrary and defiant phase. Still, it is right that the United States should try to go about the military business as sensibly as it can and at the same time, with the Soviet Union and others, should hold open the vital alternative of ending the Iran-Iraq war.

— THE WASHINGTON POST.

far from unlikely. More mines have been found and a U.S. fighter plane recently had to fire missiles to ward off Iranian aircraft. On Tuesday, Defense Secretary Casper Weinberger reiterated hair-trigger but necessary rules for dealing with threats.

The Gulf is a flash point, where many countries' vital interests intersect. There is no telling where more shooting might lead. Yet President Reagan still ignores the War Powers Act, which requires him to report to Congress within two days of introducing forces into situations where hostilities may be imminent.

That is a serious error that Congress needs to insist be quickly repaired. Invoking the act will at last compel Mr. Reagan to spell out his strategy in the Gulf. If he can now present a plausible policy for countering Iran and protecting the considerable American interests in the area, there is every reason to believe that Congress would go along.

Representative Robert Torricelli, a New Jersey Democrat, gives the best reasons for invoking the act: "What we are trying to do is assure that if we're going to be there, that it's done right. This isn't Ronald Reagan's policy; it's an American policy."

Presidents hate to submit the report required by the War Powers Act because it sets off a 60-day clock. When the time runs out, the forces must be withdrawn unless Congress declares war or specifically authorizes an extension. The Reagan administration argues that the law may unconstitutionally limit the president's authority. But that interpretation has not been tested in the courts. Until it is, the law is the law.

The administration recognized this when it gave formal warning to Congress of the raid on Libya last year, three hours before the bombing started. The situation in the Gulf now is far more dangerous.

Far from being paralyzed by fear that the act might limit his authority, Mr. Reagan needs to recognize its potential benefits. First would be the act's requirement that he explain his Gulf strategy in terms that persuade Congress. He can then cite his need for congressional support as he seeks greater help from reluctant partners like Kuwait and Saudi Arabia. Congress's explicit backing and the support of the Gulf states would be of immense aid in facing down Tehran.

The White House may depise the War Powers Act, passed in the shadow of the Vietnam War in 1973, but the act can be used in positive ways. Congress under the Constitution has the sole power to declare war. It has done so only five times, the last being World War II. The War Powers Act is intended to protect Congress against being dragged into a war unconsulted, and to allow the United States to face crises with unity.

— THE NEW YORK TIMES.

From Sri Lanka, a Lesson for the Contras

By William Pfaff

PARIS — There comes a time when the statist-militarist course, however painful, has to be chosen because the alternatives are so much worse. President Junius Jayewardene of Sri Lanka does not want the quasi-partition of his country, but the alternative is a worsening civil war with mounting danger of international war.

The presidents of the five countries in Central America have never shown much wish to work together or to assume responsibility for one another's problems, but the joint peace plan signed on Aug. 7 is the alternative to chaos.

You have to take chances when times are desperate. This is what Mr. Jayewardene did. He confronted a communal conflict of the kind that, since 1945, has spilled far more blood worldwide than all the conventional wars put together. The Tamil (Hindu) minority in northern Sri Lanka, which wants a state of its own, has demonstrated that it can produce a ceaseless supply of fanatical young nationalists prepared to be killed in that cause. The Sinhalese (Buddhist) majority could have suppressed the minority indefinitely, but it could not reconcile them.

These are stupid struggles but, because they are stupid and basic and tribal, they are virtually impervious to compromise. Northern Ireland is another case. The violence in Sri Lanka would have gone on forever bleeding both communities.

Mr. Jayewardene and Prime Minister Rajiv Gandhi of India made the bold choice, employing bold means. Mr. Jayewardene has accepted quasi-autonomy for the Tamil regions. The two leaders agreed that Indian troops would go there to disarm and control the Tamil terrorists. It is an agreement that disappoints Tamils, because they

do not get independence: it outrages Sinhalese, because they effectively lose control of a part of their country; it commits India to a campaign of pacification that may not succeed. The two leaders nonetheless have taken grave political and personal risks to do good. It is a edifying example.

The Arias plan for Central America, launched by President Oscar Arias Sánchez of Costa Rica, faces hostility from El Salvador's left-wing guerrillas and Nicaragua's contras. The Nicaraguan and U.S. governments only grudgingly tolerate it. Its prospects can scarcely be called good. The plan, however, has two great merits. It is serious, with attainable objectives, however difficult, and it is Central American in origin, not North American.

It is something: an intelligent and brave initiative — an alternative to more war in El Salvador, Nicaragua, Guatemala and, probably, sooner or later, in Honduras and Costa Rica as well, with the United States indirectly or directly embroiled.

People in the Reagan administration, and other supporters of the contras, will argue that victory for the contras and a collapse of the uprising in El Salvador would be much better than this peace plan. The trouble is that a contra military conquest of the government in Managua is not a realistic prospect so long as the United States remains unwilling to invade Nicaragua in their support.

The best-case scenario for the contras is to stay in the field, extend their activity, possibly establish a degree of territorial control inside Nicaragua and thus put great pressure on the Sandinist government. But what then? Unless the Sandinists them-

selves fall apart, the contras are not going to win. At best they merely make survival costly for the Sandinists and their Soviet sponsors.

The cause of the contras' impotence is the fact that they wholly depend on the United States and would collapse if U.S. aid were stopped. This fatally undermines their political claims. The day on which the contra leaders declare their independence of U.S. support, and declare equally their determination to fight on, on their own account, with their own resources, whatever the U.S. Congress and the administration in Washington do or do not, they will begin to be taken seriously. That day is not in sight.

The worst-case scenario, from the contras' point of view, is the likeliest one, given political realities in present-day Washington. It is that Congress declines to go on funding them, or if it does, and they survive the next 18 months, that a new American president abandons them.

The contras would do well to take a serious interest in the Arias plan now, while there is time. By backing the five-nation initiative, and making clear their willingness to cooperate in the solutions it seeks, they would demonstrate that they are not merely the instruments of Washington and would make a claim to political authenticity.

The chances of any large success coming out of this course are not particularly good. They simply are better than those offered by any other plausible course. Statesmanship is the ability to recognize what is possible, however unpalatable, and to act decisively to achieve it. Most leaders take their comfort in illusion, and shrink from boldness.

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Debt Relief: An Agency Could Help

By Benjamin J. Cohen

MEDFORD, Massachusetts — With their large-scale loan-loss provisions in the United States finally began to acknowledge what the Third World debt crisis for what is a long-term dilemma of economic solvency. Not just a term liquidity squeeze. But banks term reluctant to take the next logical step: debt relief.

Currently, the debtors are caught in an insidious trap by the banks' insistence on full debt service. Domestic investment is discouraged, which deprives the debtors of the which they need — an expansion of productive capacity — to help them earn their way out of their difficulties. For many debtors, growth will remain unattainable without some form of relief.

The banks' reluctance is understandable, given the hazards that are involved. Formal relief for even one needy debtor could trigger an avalanche of applications from others. For comparable treatment, some mechanism is required to facilitate growth-promoting debt relief in appropriate cases while keeping the whole process from spinning out of control.

Is such a mechanism possible? A precedent exists in Chapter 11 of the United States Bankruptcy Code (and roughly analogous arrangements elsewhere) for a controlled process of debt relief. Under Chapter 11, debtors unable to meet their contractual obligations can appeal for protection from creditors while they reorganize their affairs, under court supervision, and work out mutually agreeable terms for a resolution of their difficulties. The attraction to debtors is the opportunity to get back on their feet without being driven to the wall. But there are also attractions to creditors insofar as constraints are imposed on protected debtors, usually in the form of some kind of creditor or court involvement in the debtor's managerial decisions. Relief does not come without a price.

The legal foundation lies in the basic theory of contracts, which has long held that contracts should, on occasion, not be enforced but be rewritten — particularly when, as a result of a low-probability contingency not foreseen when originally written, they place extreme and unexpected burdens on debtors. In such instances, rigid enforcement of full contractual obligations could so endanger a debtor's capacity to pay that creditors as well as debtors would be better off with some form of relief. The same principle should be applied at the international level as well, to offer hope to Third World nations.

Implementation of an international Chapter 11 could be achieved through creation of an International Debt Restructuring Agency, ideally as a joint subsidiary of the two multinational organizations most involved in the problem, the International Monetary Fund and the World Bank. The functions of such an agency would parallel those of a bankruptcy court under Chapter 11. It would set the framework for a negotiated resolution of debt-service difficulties on a case-by-case basis consistent with the interests of creditors and debtors alike. The idea would be to substitute orderly procedures and recognized rights and obligations for today's messy and uncertain confrontations.

Debtors would have the right to apply to the agency if they believed their circumstances warranted some degree of relief. But in doing so they would commit themselves to a conciliatory negotiation with creditors as well as to some degree of surveillance of their policies by either or both of the agency's mother organizations, the IMF and the World Bank.

Relief would be provided only where all the parties concerned concurred that it was justified. The terms of relief would be anything to which the debtor and a qualified majority of creditors could agree. Following agreement, the terms would be supervised by the agency until the country was back on its feet and, one hopes, its external creditworthiness restored. Ultimately, the agency would be only as effective as creditors and debtors wanted it to be. But in a situation in which both sides could benefit, good will ought not to be in short supply. The time for a new initiative seems ripe. A good place to begin would be the IMF-World Bank annual meeting next month.

The writer is professor of international economic affairs at Tufts University's Fletcher School of Law and Diplomacy. He contributed this comment to The New York Times.

Latin Bias Won't Let It Work

By Susan K. Purcell

NEW YORK — The euphoria produced by the Central American peace plan shows how much everyone wants to "give peace a chance." Yet good intentions should not blind us to a very serious flaw in the agreement: the absence of penalties in the event of noncompliance.

President Oscar Arias Sánchez of Costa Rica explained this strange omission by stating that moral sanctions would do the job. "If a country is not sincere," he said recently, "it will be isolated by the whole world." He implied that Latin America in particular would take the lead in ostracizing the offending country.

That is doubtful. The guiding principle of the foreign policies of most Latin American countries is nonintervention. It was adopted in reaction to, and as protection against, military intervention by the United States. Unable to defend themselves by force of arms, the Latin countries attempted instead to protect themselves with the force of morality.

The Arias plan adopts this strategy of using moral pressure as a deterrent, but applies it instead to potential Central American violators of a peace agreement. That is the problem. There is good reason to believe that if the Sandinists violated the agreement, most Latin countries outside Central America would do whatever they could to avoid condemning and isolating Nicaragua.

Latin governments believe that if they fall into the trap of condemning each other, they will provide the United States with an opportunity to intervene with impunity in their internal affairs, either diplomatically or militarily. They therefore prefer to overlook conduct by fellow Latin



governments that they dislike. They are so determined to avoid giving the United States an excuse to intervene that they are often driven to defend with governments whose conduct they find repulsive.

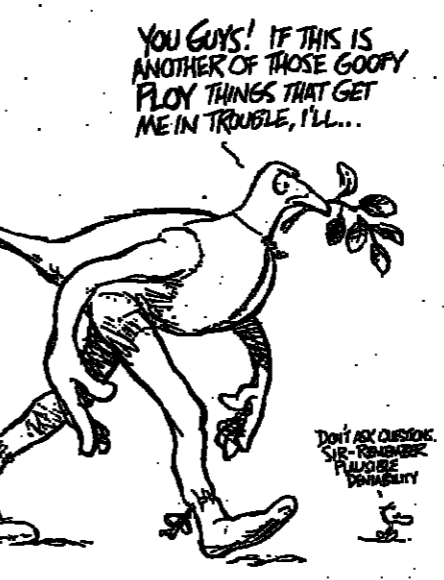
Recent events show this clearly. Latin Americans refused to support a U.S.-sponsored resolution in the UN Human Rights Commission that condemned rights violations in Cuba. They did not want to side with the United States against Cuba no matter how valid the U.S. charges might be.

Nor would they add their voices to that of the United States in condemning General Manuel Antonio Noriega, Panama's military leader, for human rights abuses and drug trafficking, and in demanding a return to democratic government.

They did exactly the opposite. Although privately in agreement with Washington's assessment of General Noriega, and preferring democracy to stringent rule in Panama, they adopted a resolution in the Organization of American States reiterating the principle of nonintervention in the domestic affairs of OAS members, and applied it to Panama — precisely the Noriega position.

There is no reason to believe that these same governments would act differently toward Nicaragua. Once again, they would be reluctant to side with the United States against a small Latin neighbor that has been the target of U.S. hostility. Instead they would probably go through the motions of endlessly "verifying" the charges against Nicaragua. They would probably avoid ever coming to a definitive conclusion.

This does not mean that the United States should oppose the Arias plan. It should press hard for democratic reforms in Nicaragua as outlined in the agreement. These include freedom of the press and of assembly, access to the media and the right to form political parties.



As long as Managua has a Marxist-Leninist regime, Central American democracy will be threatened. This is particularly true of Costa Rica, which has no army.

A recent survey in Costa Rica, Honduras, El Salvador and Guatemala confirmed this view. Eighty percent of those polled saw Nicaragua as a threat to the region. Seven in 10 Costa Ricans and Hondurans said they believed that Nicaragua was

trying to weaken their respective governments, as did nearly two-thirds of the Salvadorans.

While the meaning of freedom of the press, assembly and the like may seem self-evident, there are indications that the Sandinists live in an Orwellian world in which dictatorship is defined as democracy. Said Alejandro Bendana, secretary general of Nicaragua's Foreign Ministry, on U.S. television after Nicaragua signed the Arias accord, "Democracy is a process that has been growing in Nicaragua since 1979."

Such verbal acrobatics are unacceptable. If there is not substantial progress toward genuine democracy by the Nov. 7 deadline set by the accord, the United States must be prepared to withdraw its support from the peace plan.

Without democratic reforms in Nicaragua, the agreement will not be worth the paper it is printed on.

The writer is director of the Latin American program at the Council on Foreign Relations, a nonprofit organization for the study of international affairs. She contributed this comment to The New York Times.

The Sandinists Win Time

PRESIDENT Reagan and the Central American leaders should now join together to help bring about a lasting end to the fighting. I have always believed that good-faith negotiations work to the advantage of the United States.

The Sandinists' popularity has slowly waned, and the promises of the revolution are unfulfilled, but this has still not translated into support for the contras; rightly or wrongly, the Sandinists have been able to portray the contras as a reincarnation of Nicaragua's previous government, and memories of that regime's brutality are still vivid. In the absence of U.S. support for the contras, and without a scapegoat to blame for

the sad condition of the economy and the unspeakable poverty of the people, the Sandinists will have no one to blame for their failures. In short, their tenure is likely to be shorter without U.S. military involvement than with it.

By taking the best aspects of his plan and the Guatemala proposal, President Reagan could offer a peace initiative that is well worth the risks.

— Dale Bumper, a Democratic senator from Arkansas, writing in The New York Times.

FIASCO. There is no other word for it. After six and a half years in office, the president of the United States has turned over his foreign policy in the Southern Hemisphere to four right-wing presidents from Central America. The Reagan-Wright peace plan will go down in history as

Ronald Reagan's Bay of Pigs. Barring some dramatic event, Nicaragua was lost once and for all to the Communist empire during this past week, just as Cuba was lost when the exile invasion failed.

Instead of an up-or-down vote on more aid to the Contras, we now have the Central Americans' unenforceable peace plan — a mirage. This is an assessment. It appeared logical that President Reagan would carry the fight to Congress for increased military aid for the resistance. But he decided not to fight, and so the Central Americans have decided not to fight. Under the terms of the Guatemala plan, Sandinist Nicaragua, a Soviet satellite, will remain after the Reagan presidency ends. The Brezhnev doctrine wins.

— The Wall Street Journal (New York).

From the Gulf, a Signal to Plan for an Oil Cutoff

By Robert J. Samuelson

WASHINGTON — Are we crazy? It is hard to watch the ongoing turmoil in the Gulf without a sense of despair. The clear message is that the entire industrial world could lose vital oil supplies in a moment. But the message is ignored. There is now hardly a peep about limiting the essential petroleum to limit that vulnerability.

Everyone debates the wisdom of escorting reflagged Kuwaiti tankers. No one looks beyond the current crisis. America needs an oil excise tax of 20 or 25 cents a gallon to discourage consumption. It needs a larger strategic petroleum reserve, as do the Europeans and Japanese. These measures would not isolate industrial countries from a catastrophic cutoff of Middle East oil, but they would provide time to cope with the social, economic and, probably, military consequences of a prolonged loss of Gulf oil.

The problem is not just for today or tomorrow. It stretches well into the next century. In 1986, the Gulf contained two-thirds of the non-communist world's 619 billion barrels of proven oil reserves. Large new reserves could be found elsewhere; inexpensive alternatives to oil could emerge; the Middle East could become an oasis of political stability. All these things are possible, but none seems probable.

New supplies from Mexico, the North Sea and developing countries have reduced OPEC production.

And the U.S. strategic petroleum reserve now totals 530 billion barrels, equal to about 90 days of imports. Excess commercial oil stocks bring total available U.S. oil inventories to about 120 days of imports. In Japan and West Germany, equivalent figures are about 80 days. The industrial world probably could cope with a prolonged cutoff of Gulf oil today.

Nevertheless, today's stocks are inadequate. They need to be judged against the needs in 10 or 20 years. No one can say what these will be because no one can judge the odds of a cutoff, when it might happen or how long it might last. But the trends are clear. Modest economic growth will probably raise oil consumption, while non-Gulf reserves will be depleted and output will fall. Dependence on Middle Eastern oil would rise.

Calm returns and the supplies resume. In 1995 comes another crisis, but reserves have not been replenished. It is doubtful that they could be.

Yet present policy is to dawdle. The U.S. strategic reserve is being filled at a desultory rate of 75,000 barrels a day. At that pace, the target of 750 million barrels will not be reached until 1995. Even that is inadequate. The reserve ought to be enlarged to the original target: a billion barrels.

As for an oil tax, it has drifted off Washington's political agenda. The Department of Energy estimates that a 25-cent-a-gallon tax would cut oil use by a million barrels a day by 1995. In a year, that is the equivalent of having another 365 million barrels in the strategic reserve. Considering today's large government budget deficits, an oil tax ought to be a natural.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: A Military Review ST. PETERSBURG — The military review at which M. Raymond Poincaré, the French Premier, was present [on Aug. 10] was of a deeply solemn nature. At eight A.M. the troops in field uniform were formed along three sides of a hollow square, of which the Emperor's tent formed the fourth side. The Tsar, riding a chestnut horse and followed by the grand dukes and the general staff, began the review. M. Poincaré remained in the Imperial tent with other Russian Ministers. The Emperor passed in front of the Cossack Cossacks, who form his private bodyguard, the cadets of the military school, the infantry, cavalry and artillery. As he passed each regiment, the Tsar said, "Good day, my gallant men." The soldiers replied in unison, "We wish your Majesty good health!" The Tsar saluted, and the 60,000 soldiers cheered in reply.

1937: Justice Appointed WASHINGTON — President Roosevelt confounded the capital's political prophets [on Aug. 12] by appointing Hugo Lafayette Black, as the successor of William Van Devanter, who retired June 1 as Justice of the Supreme Court in the United States. He was one of the few eligibles whose name was never mentioned in the forecasts of the new appointee. Immediate confirmation by the Senate of the appointment is expected. A progressive Democrat rather than one of the left-wing New Dealers with whom the President since the defeat of the Supreme Court reform proposal, Senator supports the Administration and is to render an unfavorable opinion on an item of New Deal legislation.

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OPINION

Supreme Court 'Balance' Would Invite Mediocrity

By William Safire

ATLANTA — Ronald Reagan's nomination of Judge Robert Bork to the United States Supreme Court has been the best decision of the president's otherwise dismal second term.

ESSAY

It would lead to an America in which women would be forced into back-alley abortions, blacks would sit at segregated lunch counters, rogue police could break down citizens' doors in midnight raids.

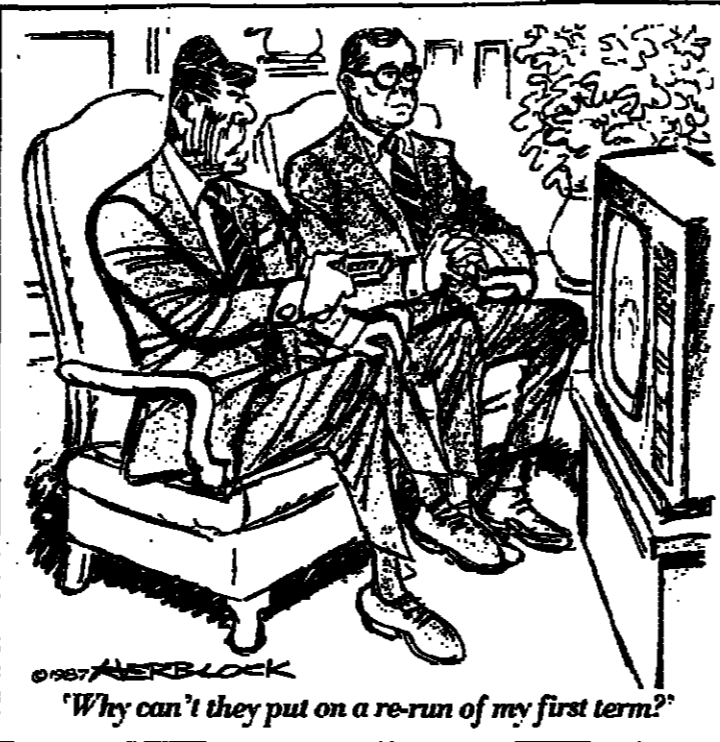
Likening one of the foremost legal minds in the United States to a Gesteop hood was a little much for many fair-minded liberals, but it had a powerful effect on Senator Joseph Biden of Delaware, the chairman of the Judiciary Committee, who is seeking the Democratic nomination for president.

Chairman Biden put off confirmation hearings until Sept. 15, thereby crippling the Supreme Court's ability to decide close cases in its fall term, but giving an assortment of pressure groups time to make this appointment a sure-fire, direct mail fund-raising attraction.

First, a declaration of my own interest: Bob Bork is a longtime friend. I have respected his independent judgment since he surprised some of the Nixon White House lawyers with his tough-minded support of the Special Prosecution force after accepting the assignment as designated villain in the "Saturday Night Massacre."

His intelligence, wit, personal integrity and judicial temperament will come across in the confirmation hearings, but those qualities may no longer be enough to win Senate approval.

Let's hope this confirmation does not hinge on the abortion issue. For every Republican senator like Bob Packwood of Oregon, who might be pushed by his pro-choice constituency to oppose a Bork nomination, two Democrats (like Lawton Chiles of Florida and Dale Bumpers of Arkansas) might be swayed to support the nominee by anti-abortion forces back home.



'Why can't they put on a re-run of my first term?'

Not Reading 'Presumed Innocent' Is a Crime

By George F. Will

WASHINGTON — Every August, this column, as a courtesy to readers, and a service to Literature, draws a veil over the world of politics and recommends a novel with which to while away the waning hours of summer.

merely about Scottish politics. Mr. Turow gives a shattering depiction of what it feels like to be in the skin of someone falsely accused of a terrible crime. It is the story about the moral vertigo that strikes when one's sense of safety, social standing and moral worth are suddenly and unjustly overturned by institutions of justice.

Criminal prosecution is a minut of tamed brutality, civilized and decorous but irreducibly brutal nonetheless. Mr. Turow's protagonist is a prosecutor who, when younger, "could feel the fear, the hot frustration, the haunted separateness" of those he prosecuted.

Actually, Mr. Turow's novel is not merely a thriller, although thrilling it certainly is (and steamy and grisly). It is not merely a novel about a grand jury from a pillar of the community

into a pariah, he is seized by fatalism, a sense that life is not reason or order, merely experience. He feels an adhesive dread, a sudden acquaintance with the wilder elements and the darker side of mankind. Imagine being arraigned — being called a murderer in public — while hundreds of fascinated eyes are fastened on your facial reaction. Imagine, as Mr. Turow does, the cyclonic impact of panic, like groping in the dark for a light switch that you are not sure you will ever find.

Pity for others requires, Aristotle said, believing that what afflicted them could afflict you. Mr. Turow makes you believe. You will pity his protagonist caught in the toils of the law, and the law will seem terrifying.

Therein lies the novel's emotional wallop and moral message. It reaches, by that terror, how much our sense of life's finiteness depends on faith in the criminal-justice system — faith that justice has been systematized by social arrangements. Our emotional equilibrium depends more than we normally know on the sense that there is a moral economy in the world, that good is rewarded and evil is punished.

Jerusalem: It Isn't So Bad

I do try not to react to every article you publish about Jerusalem — but on occasion I find the temptation too great. I saw your recent article concerning young people leaving the city.

The fact is that life in Jerusalem does have its difficulties: teaching Jews and Arabs to live together (and they do, in spite of the rare examples of terrorism, which are always widely reported); dealing with the fanaticism of the extremist religious and nationalist groups; absorbing more immigrants from many countries than any other city; finding a compromise between archaeology and preservation on the one hand and architecture and modern needs on the other; ensuring free access and free worship at all holy places for everyone, which includes more than 500,000 Christian pilgrims and well over 100,000 Moslem visitors from countries like Jordan, Saudi Arabia, Iraq, Kuwait. But these are the challenges of Jerusalem.

What does seem to emerge from the article is that it is worthwhile taking up these challenges to build a Jerusalem worthy of its name. I am convinced that we will attract young people to live in Jerusalem if we put more stress on these challenges — in addition to the attractions of a lively and very beautiful town.

LETTERS TO THE EDITOR

considers its NATO ally, Turkey, to be the biggest threat to its security — bigger than the Soviet Union and its Warsaw Pact allies, some of whom share borders with Greece. Alan Cowell also refers to this in his report.

I have traveled widely in Turkey for several years and have never seen any indication that Turkey was preparing any sort of aggressive action against Greece. I am sure I am not the only reader who wonders why Greece says it fears a military threat from Turkey, and whether there is any basis to these fears.

Rewriting Turkish History Regarding the advertisement on page 3 of the July 20 edition "A Message to Members of the European Parliament Who Directly or Indirectly Supported The Armenian Revolution".

As an Armenian, I feel insulted by the Turkish advertisement in the IHT. It is an offense to the memory of those massacred by Turks (and Kurds) in 1915. I must admit that I also feel slightly used. During the 19th century and World War I, different European powers used "the Armenian question" for their own interests. The Turks in particular, posturing as defenders of the Armenian minority in Turkey, sought only to enlarge the Russian Empire. At present, Europeans use the Armenian question to prevent Turkey from joining the European Community. If they do not want the Turks, they should say so straight away, not use us as a scapegoat.

What Money Will Do

In response to the report "Olayun Scorns Role of Black Knight" (July 18): In 1948, out on the Trans-Arabian pipeline, I remember how proud our subcontractor, Sulman Olayun, was when he told me he had his first \$50,000 in a bank in the United States. At the Bechtel offices in 1983, I asked Sulman what hobbies he had. He replied, "Only one: making money." Now he is also better looking. It shows what money will do.

Something Fishy in France The article "When Fish Turn Yellow and Birds Stay Away" (Meanwhile, July 14) requires a response. François I used to say that the Charente was the most beautiful river in his kingdom. Kyle Jarraud finds it one of the vilest. The truth must be somewhere in between.

Wherever did Mr. Jarraud get the notion that the fish are turning yellow? There are lots of fish in the Charente, and of so diverse colors that the current member of the National Assembly from the area, Philippe Marchand, a Socialist, has agreed to meet me soon for a duel with fishing rods.

Recalling a Gold Star Mother Regarding the item, "Kennedy Clan Turns Out in Gold Star Mother Feat." (People, July 22): The concept of the Gold Star Mother did not originate "during World War II"

Letters to the Editor

as stated. Alas, World War I created more than 100,000 Gold Star Mothers, and they were so-called. The service flag (red with a white field and a blue star for each family member in service) was widely displayed on porches from coast to coast. When a service man was killed, the blue star was changed to gold. I clearly recall effecting the change on our flag when the younger of my two brothers fell in the last phase of the Meuse-Argonne. Three years later, when the Unknown Soldier was buried in Arlington Cemetery in the presence of General Pershing and Marshall Fock, Gold Star Mothers were invited to attend the ceremony, and I accompanied my mother on Nov. 11, 1921.

JEAN MCMORRAN DEMOS, Klissia, Greece.

What Money Will Do In response to the report "Olayun Scorns Role of Black Knight" (July 18): In 1948, out on the Trans-Arabian pipeline, I remember how proud our subcontractor, Sulman Olayun, was when he told me he had his first \$50,000 in a bank in the United States. At the Bechtel offices in 1983, I asked Sulman what hobbies he had. He replied, "Only one: making money." Now he is also better looking. It shows what money will do.

Something Fishy in France The article "When Fish Turn Yellow and Birds Stay Away" (Meanwhile, July 14) requires a response. François I used to say that the Charente was the most beautiful river in his kingdom. Kyle Jarraud finds it one of the vilest. The truth must be somewhere in between.

Letters to the Editor

Wherever did Mr. Jarraud get the notion that the fish are turning yellow? There are lots of fish in the Charente, and of so diverse colors that the current member of the National Assembly from the area, Philippe Marchand, a Socialist, has agreed to meet me soon for a duel with fishing rods.

Recalling a Gold Star Mother Regarding the item, "Kennedy Clan Turns Out in Gold Star Mother Feat." (People, July 22): The concept of the Gold Star Mother did not originate "during World War II"

as stated. Alas, World War I created more than 100,000 Gold Star Mothers, and they were so-called. The service flag (red with a white field and a blue star for each family member in service) was widely displayed on porches from coast to coast. When a service man was killed, the blue star was changed to gold. I clearly recall effecting the change on our flag when the younger of my two brothers fell in the last phase of the Meuse-Argonne. Three years later, when the Unknown Soldier was buried in Arlington Cemetery in the presence of General Pershing and Marshall Fock, Gold Star Mothers were invited to attend the ceremony, and I accompanied my mother on Nov. 11, 1921.

JEAN MCMORRAN DEMOS, Klissia, Greece.

GENERAL NEWS

GULF: Iran Offers to Dispatch Ships to Search for Mines

(Continued from Page 1)

ation that Tehran considered its mine-laying to be "a tactical error." In the West, he said, "there is no doubt in anyone's mind that the mines are Iranian."

Both Paris and London stressed their ships' independence from the U.S. mission, but their decision was nevertheless welcomed in Washington.

He said that the letter included suggestions for improvements in UN efforts to end the war and repeated Iran's complaint that the resolution failed to condemn Iraq as the "aggressor" in the conflict.

KOREA: Car Plants Idled

(Continued from Page 1)

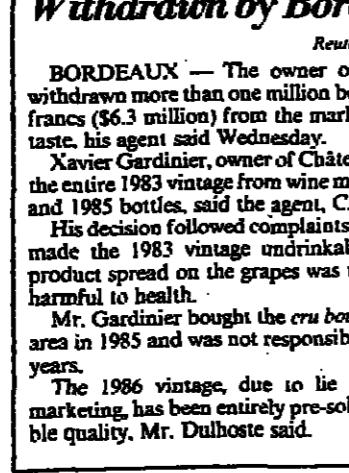
conglomerates. No arrests or injuries were reported. In the east-central mining region, a traditional center of labor militancy, about 500 miners in Chongson set fire to buildings and gathered in the streets. The miners are demanding higher pay and better working conditions.

A Million Undrinkable Bottles Withdrawn by Bordeaux Vintner

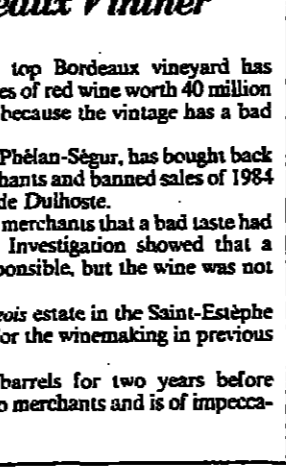
Reuters

BORDEAUX — The owner of a top Bordeaux vineyard has withdrawn more than one million bottles of red wine worth 40 million francs (\$6.3 million) from the market because the vintage has a bad taste, his agent said Wednesday.

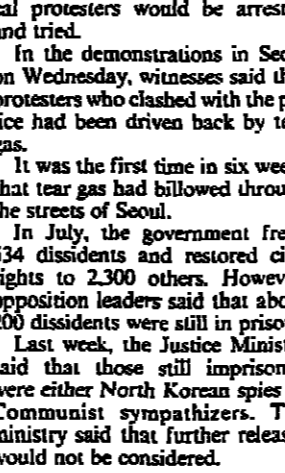
Doonesbury



Doonesbury



Doonesbury



Advertisement for Corum Admiral's Cup Watch, featuring an image of the watch and text: 'To give you a tang of the sea... The Corum Admiral's Cup Watch. CORUM SUISSE. Admiral's Cup. A registered model with enamelled nautical pennants marking the hours, quartz, water-resistant, in solid gold or steel/gold for men and women. For further information, write to Corum, 2301 La Chaux-de-Fonds, Switzerland.'

SCIENCE

Down to the Sea Floor In Search of Giant Squid

By John Noble Wilford New York Times Service

BOARD THE TWIN DRILL ABOARD BERMUDA — Inside the small submarine, the thick steel wall against the outside felt cool and moist. The oxygen blower hummed reassuringly. The tracking pinger's signals to the surface, heard inside as a steady throbbing, brought to mind the thumping heartbeat of a great whale. Pisces VI was descending to the bottom of the sea.

The 12-ton submarine was easing down of its own weight. The clear Bermuda waters had gone from a sunny-day blue just below the surface to ever deeper hues and finally to the dark of a moonless night. Near the bottom, Dale Graves, the pilot, turned on the two thrusters. The electric motors and propellers sounded like howling winds.

But the scene outside was the picture of serenity. Looking out the three acrylic viewing ports, Mr. Graves and the two crew members saw, illuminated by the submarine's exterior floodlights, a landscape of barren stillness and dazzling white. Only the sight of some starfish betrayed the reality of being 2,000 feet (about 600 meters) beneath the Atlantic Ocean, on a slope of the Bermuda Rise. Pisces VI came to a gentle touchdown on its skids, kicking up a cloud of the powdery white sediment that blanketed the hard limestone floor.

It was the beginning of another day of scientific observations by the Beebe Project, an American expedition of marine biologists and underwater photography experts. The expedition's ultimate quest is to observe one of the sea's most elusive creatures, the giant squid.

No luck, though. After a month of diving by the expedition, Andreas B. Reznitzer, the scientific operations manager, said: "We'd still like to see one. That would be a coup. They're out there somewhere."

But the scientists have had more success with the expedition's everyday objective of studying sharks, especially a primitive, deep-dwelling, six-gill shark.

The six-gill shark, Hexanchus griscus, has attracted little scientific notice because it keeps to deep waters, where it may be the greatest predator of all. Although fishermen have hooked them in 300-foot waters, studies by the Beebe Project

indicate that the six-gills prefer depths of 2,000 to 3,000 feet. Francis G. Carey, a biologist with the Woods Hole Oceanographic Institution, tagged two six-gills with radio transmitters and tracked them for several days from a trawler. He reported that the sharks spent 12 to 16 hours at a time swimming in an area of less than a quarter of a mile. One plunged to a depth of 4,500 feet but stayed there only 20 minutes.

Since nearly all sharks have five pairs of gills, scientists are puzzled by the extra pair of this species. Some believe six gills may be a characteristic of ancestral sharks.

The Beebe Project, initiated last year and expected to continue at least one more summer, is financed primarily by the National Oceanic and Atmospheric Administration, with additional support from the National Geographic Society, the American Telephone and Telegraph Corp., the Explorers Club, and International Underwater Contractors, an ocean-diving company. Participants include scientists from Woods Hole Oceanographic Institution, the University of North Carolina, at Wilmington, the University of Maryland, the University of California's Los Angeles and Santa Barbara campuses, and the Harbor Branch Oceanographic Institution, in Florida.

In these same waters 53 years ago, William Beebe ushered in the modern era of underwater exploration. Dr. Beebe, an explorer and director of tropical research at the New York Zoological Society, de-

scended about 3,000 feet in a steel vessel called a bathysphere. It was a powerless sphere suspended by cable from a surface ship.

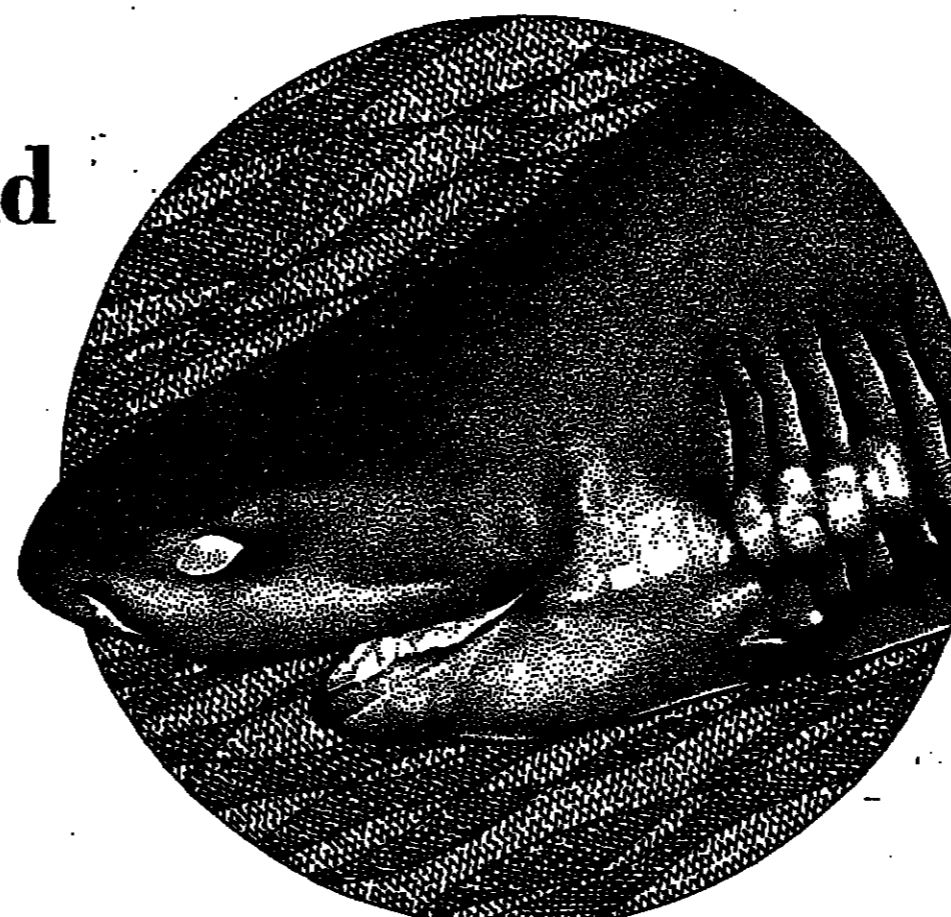
With today's technology, submarines carrying two or three people are capable of reaching depths of 20,000 feet or more and remaining there at least eight hours, or, in an emergency, as long as two or three days. They operate from a surface ship but, once under water, they maneuver freely with their own motors.

Several hundred scientists go down to the sea floor each year in such submarines. Divers use them to explore and salvage wrecks, and technicians use them to inspect and maintain offshore oil rigs.

Pisces VI, rated for depths of 6,600 feet (2,000 meters), holds the record — 4,876 — for a dive in support of exploratory oil drilling. Owned and operated by International Underwater Contractors, the submarine is almost 20 feet long and 10 feet wide. Its crew compartment is a steel sphere with an inside diameter of six feet.

This was barely enough room for the three men making the dive. The pilot, Mr. Graves, sat or usually knelt in the center, where he could look out the six-inch center port and also reach the controls and circuit-breakers on all sides. The two other occupants stretched out on cushions on either side, usually belly down and noses pressed against the other viewing ports.

Sticking out from the bow, like a lobster's antennae and claws, were



The six-gill shark, which generally prowls at depths of 2,000 to 3,000 feet.

the three 1,000-watt quartz iodine lamps, a thalium iodide lamp that gives off a low-level green light quite effective in penetrating dark sea water, stereoscopic television cameras, and still cameras with flash attachments. Much of this equipment was installed especially for this project. On this dive, as on most of the others, the mechanical arm was clutching a burlap bag stuffed with slabs of tuna, bait for attracting sharks.

But André Galerne, president of International Underwater Contractors, who was an occupant of Pisces VI, was also hoping for a glimpse of a giant squid. "Maybe we'll see the big one," he said. It was spoken as a joke more than an expectation.

For centuries, the giant squid was thought to be mythical, a figment of the imaginations of sailors too long at sea. Their reality became accepted in the 1870s, when several were found dead or dying off Newfoundland. Parts of them have been found in the stomachs of whales and occasionally on the beaches of Bermuda.

From such evidence, biologists have determined that the giant squid is the world's largest invertebrate animal. Its body can be 12 feet wide. It has eight stout arms and two much longer and thinner

tentacles. Altogether, one of these squid can weigh a ton and, including tentacles, extend 65 feet.

To get off the bottom, Pisces VI released more water ballast and its propellers gave a forward thrust. Mr. Graves steered the submarine over smooth but more steeply sloping terrain. The island of Bermuda is the tip of a volcanic seamount, and Pisces VI was climbing along its lower slopes, past jutting rocks, slender stands of twisted whip coral and red sponges. As the craft neared the surface, small fish became more abundant.

On several dives, scientists photographed or captured a number of unusual specimens. The Johnson Sea Link, another submarine used earlier in the expedition, retrieved a jellyfish that William M. Hamner, a biologist at the University of California at Los Angeles, said was a new species and perhaps a whole new class of jellyfish.

Dr. Reznitzer, the operations manager, described seeing a strange foot-long fish with no eyes. But it managed to find and nibble some bait on one deep dive. As it swam in, the fish seemed to deploy antennae that were extensions of its pectoral fins.

A former coordinator of the United States Navy's deep-submergence program, Dr. Reznitzer

is a consultant to Science Applications International Corp., of La Jolla, California.

After a few days in port for repairs, Twin Drill was to lower Pisces VI to depths of 6,000 feet. A team of scientists, led by Michael Jordan of the University of North Carolina, at Wilmington, will look for openings in the sea floor where water heated inside the Earth's crust is welling up. Such vents, common in the Pacific Ocean, harbor giant clams and worms and other forms of life unseen anywhere else.

But the search will also continue for more knowledge about the six-gill shark — and, yes, the giant squid.

After a dive of four hours, Pisces VI surfaced shortly after noon. Only then did the crew feel the ocean outside. The swells pitched and rolled the small submarine enough to make everyone appreciate the stillness of the deep.

William Beebe, who died in 1962, had never flown in space but did plunge 3,000 feet in Bermuda waters and initiate underwater exploration. "The only other place comparable to these marvelous nether regions," he wrote, "must surely be naked space itself, out far beyond the atmosphere, between the stars."

IN BRIEF

Earth's Changing Magnetic Field

NEW YORK (NYT) — The changing intensity of the Earth's magnetic field over the last 6,000 years was more complex than previously believed, according to a study of 70 samples of ancient Chinese pottery from a variety of provinces and dynasties. Geophysicists and archaeologists in Beijing and in Oxford, England, tested the pottery using a highly sensitive magnetic detector known as a SQUID, or superconducting quantum interference device. They were able to measure tiny levels of magnetism that was locked into the baked clay when it cooled and solidified, at dates as far back as 4000 B.C. Scientists have believed that the Earth's magnetic field went through a peak of intensity about 2,000 years ago, when it was about half again as strong as today. The Chinese study — a joint project of the Chinese Academy of Science and the Royal Society of London, reported in the journal Nature — confirms that belief.

The First Polymer Found in Space

NEW YORK (NYT) — A scientist analyzing data from the Giotto spacecraft that flew by Halley's comet in March 1986 has identified the first polymer to be found in space, according to Science magazine. The polymer, which is a "chain" of repeated, linked molecules, is known as polyoxymethylene or POM. It was identified in the dust cloud surrounding the comet. POM was also one of the first polymers identified on Earth and was produced synthetically around the turn of the century. The finding was made by Walter F. Huebner of the Southwest Research Institute in San Antonio while on leave from the Los Alamos National Laboratory in New Mexico. The finding could provide clues to the formation of the comet, the solar system, and living things.

Sheep Protein Promises Better Milk

NEW YORK (AP) — Scientists have developed mice that secrete a sheep protein in their milk, an important step toward making cows produce better quality and even medicines, researchers say. The mice were created by injecting a sheep gene into fertilized mouse eggs. Some mice produced the protein at five times the concentration that sheep do. In addition, preliminary results suggest that sheep have been made to produce a human protein needed by some hemophiliacs, said John Clark, principal scientific officer at the Edinburgh Research Station of the Institute of Animal Physiology and Genetics Research in Edinburgh, Scotland. Dr. Clark and colleagues describe their research in the British journal Nature.

Some Parents Starving Their Infants

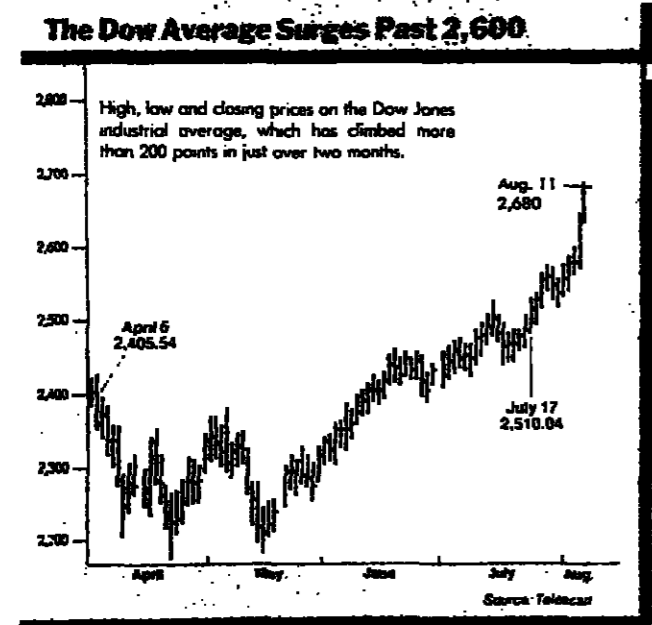
CHICAGO (UPI) — Health-conscious parents, fearing their babies will become obese or develop heart disease, inadvertently are starving the infants by feeding them skim milk and raw vegetables rather than the high-energy foods they need, researchers warn. This undernourishment is retarding the growth and development of these babies in a failure-to-thrive syndrome similar to one usually only seen in premature or low-birth-weight babies, said Dr. Fima Lifshitz, professor of pediatrics and the Cornell University Medical College in New York. "We still don't know the precise incidence of this problem, but it appears to be a new phenomenon," Dr. Lifshitz said. "We have been noticing this for a couple of years, primarily among fairly well-to-do, health-conscious parents, the so-called 'yuppies.'"

'Living Skin' Could Aid Burn Victims

DAYTON, Ohio (UPI) — A "living skin" being developed at Wright State University is expected to shorten hospital stays for burn patients and reduce the scarring of conventional skin grafts. The biologist Barbara Hull has had positive results with grafting the skin substitute on mice and expects to test the procedure in six to 12 months with burn patients at Miami Valley Hospital in Dayton. Dr. Hull heads one of two research laboratories in the United States that have published results on living skin substitutes, which bond an outer skin layer to an inner layer, she said. The other research team is at the Massachusetts Institute of Technology, where Dr. Hull worked until 1983 under the direction of Eugene Bell, who pioneered the method. Dr. Bell is developing a "generic" skin substitute that could be used by anyone, while Dr. Hull has extended that research in an attempt to find a fast procedure for growing replacement skin by using the burn victim's own cells.

GENERAL NEWS

ASSESS: A Safe Haven in the U.S.



Council of Economic Advisers, has just raised the administration's inflation forecast for 1987 to 4.8 percent from 3.8 percent — the switch of foreigners from fixed-interest investments to equities may have a long way to go, according to Mr. O'Leary. It is propitious for the expected rise in corporate profits. So far this year, since for the foreign goose has been since for the American gander. Net purchases of American households increased at an annual rate of \$167.5 billion in the first quarter of 1987, more than double last year's net of \$76.3 billion. In increasing their net stock holdings during the first quarter of this year, American households invested \$245.5 billion in mutual funds, while cutting their equities by \$78 billion.

Like the foreign investors, Americans scented rising corporate profits here. Allen Sinai, chief economist of Shearson Lehman Brothers Inc., notes that, in the first quarter after-tax corporate profits rose 9.4 percent over a year before, while per-share earnings for the S&P 500 index climbed a hefty 17 percent over the 1986 period. The surge in profits resulted from, among other things, cost cutting, increased sales, and the effect of the lower dollar. In many cases, the gains were enhanced by their comparison with weak 1986 figures. "The economy," Mr. Sinai said, "has delivered the profits growth that the stock market had discounted in its sharp rise early this year." He finds the earnings growth particularly impressive considering

For Some, Scary Parallels to 1929...

By Bill Sing Los Angeles Times Service

NEW YORK — As director of futures research for the brokerage Paine Webber Inc., Jack Schwager has studied super bull markets in gold, sugar and other commodities over the years and contends that there is a consistent pattern in each. All such bull markets, he says, are followed by drastic bear markets.

And stocks, he contends, behave no differently. "I've never seen any market make a major explosive move up that has not been followed by an equally explosive decline," Mr. Schwager said.

He pointed to the collapse of gold prices in the early 1980s, when they fell more than 50 percent after rising eightfold to above \$800 an ounce.

As the bull market celebrates what most analysts call its fifth anniversary Thursday, market watchers like Mr. Schwager are comparing it to its historical precedents. They are seeking clues to how long the run will last, how much higher it will go and what will happen when it ends.

Although the 245 percent rise in the Dow Jones average of 30 industrial stocks since Aug. 13, 1982, has been remarkable and is expected to continue, the long-term future is not so comforting, these experts say.

Many of today's market conditions, they say, resemble conditions in several previous sharp bull markets, particularly in the 1920s and in the early 1970s, that were followed by sharp, dramatic bear markets.

If history repeats itself, stocks could be due for a sharp and painful drop, although it may not happen soon, these prognosticators say.

The similarities to the 1920s and early 1970s suggest that "when the next bear market comes, it's going to be a humdinger," said Charles I. Crough Jr., chief investment strategist for Merrill Lynch.

But many analysts dismiss the idea of a

sharp drop — at least one rivaling the disastrous crash of 1929-32, when the Dow lost nearly 90 percent of its value. And by several historical standards, the market still has room to go much higher.

Since bottoming out at 776.92 five years ago, the Dow average has risen 400 percent, closing Tuesday at 2,680.48, up 44.64 points after a 43.84-point surge Monday.

But that rise, while impressive, still keeps this bull market far short of the record 497 percent rise during the super bull market that ran from 1921-29. During another impressive bull run, 1949-56, the Dow average rose 222 percent.

The current market's rise also seems less impressive when adjusted for inflation.

The 1920s boom was marked by rising takeover activity that drove up stock prices but reduced the supply of stocks.

Dow index still needs to add about 100 points to equal its January 1973 level of 1,051.70, adjusted for inflation.

Many of the blue-chip companies whose stocks make up the Dow average, such as General Motors Corp., Eastman Kodak Co. and Du Pont Co., actually have lower market values — measured by what it would cost to buy all shares at their current price — than they did in 1965, even without adjusting for inflation.

The bull market's strength and longevity since 1982 has nonetheless surprised and confounded many experts. Its headlong rush upward, fueled largely by foreign investment, lower interest rates and subdued inflation, has come despite a sluggish economy. Many sectors, such as energy and agriculture, have been depressed.

The market has astonished experts for other reasons. Price/earnings ratios, or stock prices divided by their earnings per share, are close to 20 for stocks in the Dow industrial average. That level has historically signaled a market's top. Yet stocks continue to advance with few signs of losing steam.

Current talk of a continuing market boom pushed by a declining supply of stocks, the result of takeovers and buybacks, is reminiscent of the bull market of 1966-68, said A. Gary Shilling, a New York economic consultant. That bull run was followed by a collapse in the Dow of nearly 40 percent. Talk of reduced supplies of stock "is the kind of thing you expect at market peaks," he said.

The most often cited and alarming comparison to the current run is the bull market of 1921-29, whose wild speculative excesses preceded the Great Depression.

The number of parallels are scary," said Kenneth L. Fisher, a money manager, columnist and author of "The Wall Street Wizard," a book that uses charts and graphs to chronicle historic patterns in the movements of stocks and other investments.

In the 1920s, as today, not all economic sectors enjoyed prosperity, said Robert R. Prechter, a Gainesville, Georgia, market forecaster and another leading proponent of the view that the 1920s are being repeated.

Agriculture, oil and other industries that benefited from rising inflation after World War I suffered from declining inflation after 1920. Mr. Prechter noted. Similarly, agriculture and oil prospered from the post-Vietnam War inflation of the 1970s, but have suffered as inflation declined in the 1980s.

One of the most striking similarities between today's market and the 1920s bull market is the pattern of movements in the Dow average for the 20 or so preceding years, Mr. Fisher said. Between 1905 and 1924, the Dow touched the magical 100-point level about six times but could never break free and clear until 1924, when it exploded, nearly quadrupling to 381.17 five years later.

Seoul Opposition Chiefs Agree on Sharing Power

Washington Post Service

SEOUL — South Korea's rival opposition leaders have agreed to share power, including equal stakes in a future cabinet, no matter which one of them becomes their party's presidential candidate this fall, Kim Dae Jung and Kim Young Sam said in separate interviews over the past two days.

Both Kim Dae Jung and Kim Young Sam said that their agreement to share future ministerial posts between their separate factions dated from December, well before the tumultuous events of June ended in government acceptance of their demand for direct elections.

In such a contest, which would be the first popular balloting for president since Kim Dae Jung narrowly lost in 1971, the opposition party is likely to have a good chance to win, according to Seoul newspapers and other political observers.

But Kim Dae Jung, in an interview Tuesday, said there had been reports that some military leaders and perhaps President Chun Doo Hwan himself were not reconciled to the drive toward direct elections, which Mr. Chun steadfastly opposed prior to June 29.

"The one thing that is unclear is

Chun's attitude" he said, adding that, "We are watching his attitude with concern."

The two Kim's reiterated in separate interviews that only one of them would be a candidate in the fall. Many opponents of the government fear that if both opposition leaders run, or if one candidate emerges after a bitter contest, voters will turn to Roh Tae Woo, the chairman of the ruling Democratic Justice Party.

Despite their common front at the moment, both men have long aimed for the presidency and neither shows any sign of conceding to the other. In addition, they disagree on significant questions of timing and strategy.

Kim Young Sam said that the chief priority should be to decide on an opposition candidate quickly.

"The public's daily focus is to see the nomination of one candidate as soon as possible," he said. "The longer we are waiting, the more the public has doubts."

But Kim Dae Jung espoused a contrary view, saying that the two should wait as long as possible before designating one candidate. He said a single candidate would give the government a target on which to focus its attacks.

ARRESTS: Black Miners Held

(Continued from Page 1)

cause both sides agreed that they had deadlocked on contract talks. The union says 340,000 workers are on strike at 44 gold and coal mines, while the Chamber of Mines, which represents management, says about 230,000 of the nation's 600,000 black miners are striking at 31 mines.

Meanwhile, Anglovaal Ltd. said it planned to dismiss striking workers at the Lorraine gold mine's No. 3 shaft in the Orange Free State unless they return to work.

The miners' union is not recognized by Anglovaal, which said it considers the walkout by its workers to be illegal. Earlier, Anglovaal said that 700 of its 2,450 miners at the No. 3 shaft had reported for work Wednesday morning, up from 200 on Tuesday.

The union said its members at the main South African refinery for exported gold, the Rand Refinery, had voted overwhelmingly to join the strike.

Officials at the Rand Refinery were not immediately available for comment, but the company said Tuesday that a walkout would be illegal because negotiations were continuing.

The black mineworkers' union, formed five years ago, is waging its first nationwide strike while demanding a 30-percent pay increase and other contract improvements. The chamber has unilaterally implemented raises ranging from 15 percent to 23 percent.

Management has accused strikers of assaulting miners who continue to work. The union contends that its members involved in legitimate organizing activities are being harassed and arrested.

Neither side has offered estimates of the strike's effect on gold production. Anglovaal's gold output, which produced 39 percent of South Africa's gold output of 638 tons in 1986, said all its mines were affected.

The chamber says black miners are paid about \$245 a month, one-fifth the average paid to white miners. The union says the monthly salary is less than \$200 and that blacks have an average annual leave of 14 to 18 days, compared with 35 days for the roughly 26,000 white miners in the targeted mines.

BULL: Frenzied as Ever, Wall Street Closes Out the 5th Year of Its Long Advance

(Continued from Page 1)

But others said that small investors were joining in, mainly by buying mutual funds.

In the past, the participation of small investors was considered a sign that a market rally was nearly over. But so many traditional signposts of a rally's end have been ignored that it is anyone's guess when the current surge will stop, analysts say.

Other market experts, however, said that the market was overdue for a shakeout, or at least a big correction.

The stock market's recent surge has been unrelenting, with records falling like lemons. The Dow has climbed by 784.53 points since Jan. 1, and there is increasing talk, particularly among foreign investors

and brokerage, that it will soon break 3,000.

Many domestic money managers who had rested investing fully in the stock market have finally jumped in, analysts say. Many had found that they were not performing as well as the index funds, which are mutual funds designed to match the stock market's performance.

Over the past two weeks, skeptics have been coaxed from the sidelines, encouraged as the market ignored such potentially upsetting developments as the Iran-contra affair and tensions in the Middle East, analysts said.

"Those who waited to buy, who were sitting it out, are now the ones who are driving it up now," said Alfred E. Goldman, an analyst at

the securities firm A.G. Edwards & Sons Inc.

"What has happened is that there's a lot of money around, then this thing generated, and 'people get scared that they'll get left behind,'" said Alan C. Poole, a market strategist at Laidlaw, Adams & Peck, a securities firm in Princeton, New Jersey.

"But it is baffling," he added, "because when we see such potential problems as the budget deficits and other things down the road it makes us wonder."

Mr. Ackerman of Gruntal pointed to another factor that might be behind the rise in stocks: "Short sellers have been buying stocks to cover their increasingly risky positions. Selling short involves a sale of

borrowed stock in the expectation that its price will go down. The investor can then repurchase the stock at a lower price and return it to the lender, realizing a profit.

"I think that shorts who have been looking for a correction have been caught up in the frenzy," Mr. Ackerman said.

Fears of unacceptable losses, as well as phone calls from brokers demanding more money to protect positions, usually force short sellers to buy back when the market goes higher. And the market recently has been going against short sellers with a vengeance.

Analysts said that money is likely to continue to flow into equities as long as bond yields are kept in check.

The continued strength in the

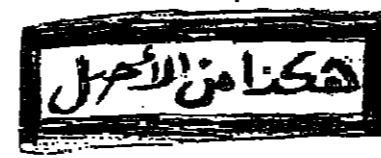
dollar, they say, should translate into healthy foreign participation in the current U.S. Treasury refunding, and bond yields may remain stable as a result.

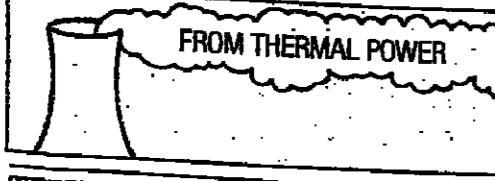
Investors also apparently are ignoring what many experts consider a worsening situation in the Gulf and a firming trend in oil and precious metals prices.

The price of North Texas crude oil, for example, reached the \$20-a-barrel mark Tuesday for the first time in a year and a half.

"Market price signals globally are forecasting stronger growth, higher inflation and upward interest rate pressures," said Lawrence Kudlow, chief economist at Bear, Stearns, in a recent report.

(NYT, AP)





THURSDAY, AUGUST 13, 1987

INTERNATIONAL MANAGER

Antigone and Billy Budd: The New Troubleshooters

By ELIZABETH M. FOWLER

NEW YORK — Ethics is drawing new attention. Several Bristol-Myers Co. executives are studying ethics intensively on a college campus this summer...

For a structured approach to ethics, Bristol-Myers Co.'s course may be a practical answer.

For a structured approach to ethics in pleasant surroundings, Bristol-Myers may have a practical answer. In daily sessions, the 13 executives will delve into an eclectic reading list...

JOHN HENNESSEY, professor emeritus at Dartmouth's graduate business school, will provide a historical overview of corporations since 1865.

Because ethical issues usually involve philosophy and often do not lend themselves to black-and-white answers, the question arises: Can ethics be taught? Some observers think not.

H.J. Zoffer, dean of the University of Pittsburgh's graduate business school, says he doubts that ethical action can be taught to adults. But he believes that the legal and social parameters within which decisions are made can be outlined.

Ethics courses have been around a long time, but not in today's volume. Fordham University, for example, now lists at least a dozen.

Ethics courses generally are not required, but student interest appears to be on the rise. Harvard University's business school received several million dollars from John S.R. Shad...

Obviously, Wall Street's self-policing did not keep market operators such as Ivan F. Boesky from trading on the basis of inside information in violation of SEC rules.

Barry F. Nathanson, president of Richards Consultants, a management recruiting firm, said last week that he and other recruiters now look much more deeply into the backgrounds of candidates for executive positions.

How a Madison Avenue Pillar Crumbled

The bid from WPP Group signaled Donald Johnston's toughest fight yet in 13 years as chief executive of the venerable J. Walter Thompson ad agency. It was a challenge that proved too strong.

By Eileen Prescott

NEW YORK — As Donald Johnston flew back to New York from London on June 10, he knew he was up against a major corporate crisis. There had been many in his 13 years as chief executive of J. Walter Thompson...

What lay ahead was his toughest fight yet, a challenge to the autonomy of the venerable, 123-year-old Madison Avenue institution. He was confronting a hostile takeover bid by WPP Group PLC...

The instrument of this "tragedy" was Martin Sorrell, an intense 42-year-old British financial whiz. On June 10, Mr. Sorrell's company, WPP Group, made an unsolicited offer for JWT. Although the bid was just the latest move in London's invasion of the U.S. advertising industry...

What made JWT particularly vulnerable were weak earnings and serious management unrest, troubles that many in the industry said were caused by Mr. Johnston himself. Although he put up a good fight, and found some serious — albeit underfunded — "white knights," this was one battle he could not win.

"He fought it as hard as he could," said David L. Yunich, a member of the JWT board until the takeover. "There was no way the price could be matched. He was up against odds that were impossible."

Mr. Johnston, 60, has agreed to stay on during the transition as Mr. Sorrell tries to calm clients' fears. He will retire when the transition is complete.

For now, Mr. Sorrell needs all the help he can get. Although he has built a sizable fan club in the financial communities of both London and New York, even admirers say that the JWT acquisition is an undertaking that will tax his skills as a manager.

"Clearly he's taken on a very big challenge," said Richard Sanderson, an analyst at Panmure, Gordon & Co. in London. "He's in a very different league; it's a very ambitious takeover."

The \$649 million JWT Group has almost 10,000 employees in more than 40 countries. It consists of J. Walter Thompson Co., the advertising agency; the public relations firm of Hill & Knowlton; a medium-size ad agency called Lord, Geller, Federico, Einstein; and the Simmons Market Research Bureau.

Mr. Sorrell's goal is to develop a company that can provide a wide range of marketing services around the globe. "We want to develop each of the four franchises both geographically and by broadening the range of services and improving the financial performance of the company," he said.

Yet he must still prove that he can keep JWT's clients. And he must work the miracle that Don Johnston, with more than 30 years in the business, could not: He must bring the profitability to acceptable levels without harming the company's reputation for quality.

To preserve that reputation, Mr. Sorrell has called on Burton J. Manning, former chief executive of J. Walter Thompson USA, the agency's domestic unit. Credited with transforming JWT from a dull operation into one of Madison Avenue's hottest shops, he left in 1986

J. Walter Thompson

Below, Burton J. Manning, chairman of J. Walter Thompson Company, the ad unit. Right, Martin Sorrell, chairman of WPP.



Donald Johnston, chairman of the JWT Group.

when he was not appointed Mr. Johnston's successor as head of the ad agency.

He and Mr. Sorrell met almost a year ago, when the takeover was just in the planning stages, and in July, Mr. Sorrell brought him back as chairman and chief executive of J. Walter Thompson Co. (The JWT Group was formed in 1980 as a holding company, and although it still technically exists under Mr. Sorrell, the four major divisions now report directly to WPP.)

Mr. Manning believes his first task is to stabilize the agency. "Two things have to be done immediately," he said. "Bring stability to the top level of the company, because that's where the instability has been. Then refocus people's attention on the mission of the company. If we create distinctive and effective advertising, then that's how we'll succeed as a company."

It will take all of Mr. Sorrell's impressive financial talents to get the bottom line in order. During Mr. Johnston's tenure, JWT lagged behind the industry in earnings and pretax margins. Pretax profit

See JWT, Page 13

Manufacturers Drops Out of Robins Credit

RICHMOND, Virginia — Manufacturers Hanover Trust Co., anticipating that some of its confidential records will be reviewed by a federal judge, has withdrawn a major share of a financial credit established to meet claims against A.H. Robins Co. for the pharmaceutical company's Dalkon Shield contraceptive device.

The bank's share of the \$1.7 billion letter of credit was \$500 million. U.S. District Judge Robert R. Merhige Jr. had ordered the Federal Reserve Board to turn over banking examination and other records involving both Manufacturers Hanover and Chemical Bank.

Each bank had agreed on guaranteeing a \$500 million share of the letter of credit that Robins proposed for trust accounts to resolve claims related to the intrauterine device.

Robins is being reorganized under Chapter 11 of the federal bankruptcy laws. A merger plan between Robins and Rorer Group Inc. envisages a \$1.75 billion trust fund for the 320,000 Dalkon Shield claimants alleging injuries from using the device.

Any proposal for resolving the Dalkon claims would be part of the reorganization plan that requires court approval. Now that Manufacturers Hanover has withdrawn, its lawyer noted in a letter last week to the judge, it would be unnecessary for Mr. Merhige to examine the records.

Mr. Merhige agreed with the lawyers and revised his order so that only records involving Chemical Bank are to be reviewed. Manufacturers Hanover, the fourth-largest banking group in the United States, withdrew on Aug. 5 but the move was only disclosed on Wednesday.

A Chemical Bank spokeswoman said her bank "is still in the deal." A Robins spokesman, Thomas R. Poe, said he did not know whether the company, based in Richmond, was seeking a replacement for Manufacturers Hanover. Rorer had said it wanted to bring in two banks that were instrumental in arranging a previous acquisition. At the same time, Robins had said it did not want to change the arrangement with Manufacturers and Chemical, in case a merger with Rorer fell through.

On July 31, Robins announced completion of negotiations on a definitive agreement with Rorer, which is scheduled to be submitted to the bankruptcy court after approval by Robins' board. The claimants alleging injuries have already proved an obstacle to the merger, which would create the sixth-largest over-the-counter drug company in the United States. Some of their representatives have argued that the fixed sum of \$1.75 billion might not fully compensate for all the injuries claimed, which include sterilization and pelvic infections.

India Poised to Become Largest Sugar Producer

By Sanjoy Hazarika NEW DELHI — India, in an important measure of economic progress, is poised to become the world's largest sugar-producing nation.

"We expect about 8.5 million tons of sugar production this year," said a spokesman for the Indian Sugar Mills Association, the main representative of producers' interests. Even India's sugar boom, however, is not expected to end imports of the commodity because of the continuing growth in domestic consumption, officials say.

Although India's production is a record, Mr. Mitra and others say its sugar consumption is about 8.7 million tons, thus necessitating imports of 200,000 tons.

Although sugar cane growing and sugar production is largely in private hands in India, the government has a major role in both areas. For one thing, it sets prices for the crop. For another, it requires mill owners to sell 65 percent of their production to the government at fixed prices.

able to compete with the molasses industry. In 1947, when the country gained freedom from Britain, India produced barely 1.1 million tons of sugar. For several decades, India was a big importer of sugar, although it steadily increased both its production capacity and sugar cane acreage with greater use of fertilizers, pesticides and irrigation.

That estimate, made recently, represents an increase of 1.5 million tons over last year's output in India, which has regularly imported sugar to meet domestic needs. The spokesman, Pradip Kumar Mitra, said current estimates would push India past other leading single-nation producers such as Cuba, Brazil and the Soviet Union. But India's sugar production would still be below the 12-nation European Community's total of 12 million tons.

The present boom is attributed partly to an increase in sugar cane prices fixed by the government, en-

ing of its performance. This time the IMF will merely share its twice-a-year economic reports on Colombia with foreign banks.

Colombian authorities view the new loan as a crucial step toward improving their relationship with the international banking community and assuring a continued flow of new resources through 1990.

"Our idea is to increase our foreign debt by about 3 percent a year," Mr. Alarcon said, "but this would be less than our anticipated economic growth, so the debt burden will in fact slowly be reduced."

It was a similarly conservative economic approach that prevented Colombia from overborrowing in the late 1970s and enabled it to rebuild its hard currency reserves after the 1982 regional debt shock.

A painful internal "adjustment" in 1984 prepared Colombia for its current economic recovery, which was primed last year by high coffee prices and is being kept alive this year by sharply increased earnings from oil, gold and coal exports.

One less visible aspect of Colombia's boom is the money that enters the country secretly as a result of its most notorious export — cocaine. Economists estimate the inflow at \$500 million to \$800 million a year, with such drug centers as Cali and Medellin the main recipients.

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However, unlike Brazil, Colombia is not determined to exclude the IMF. Two years ago Colombia obtained a \$1 billion commercial credit that involved IMF monitoring.

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Specifically, while Mexico and Argentina have received new money at a spread, or premium, of 81.25 basis points, or hundredths of a percentage point, Colombia is to

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Currency Rates

Table with columns for Country, Rate, and Date. Includes entries for Amsterdam, Australia, Brazil, Canada, etc.

Currencies in London and Zurich. In other European centers. New York rates at 3 P.M. (a) Commercial (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (d) Units of 100 (e) Units of 1000 (f) Units of 10000 (g) Not quoted (h) Not available (i) To buy one pound: \$95.15

Table with columns for Currency, Rate, and Date. Includes entries for Australian dollar, Canadian dollar, etc.

Sources: Interbank Bank (Brazil); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (Lima, Lima dollar); Goldbank (Lima); Other data from Reuters and AP.

Interest Rates

Table with columns for Term, Rate, and Date. Includes entries for 1 month, 3 months, 6 months, 1 year.

Sources: Market Guarantors (Dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum for equivalent.

Key Money Rates

Table with columns for Country, Rate, and Date. Includes entries for United States, Discount rate, Prime rate, etc.

Asian Dollar Deposits

Table with columns for Term, Rate, and Date. Includes entries for 1 month, 3 months, 6 months, 1 year.

U.S. Money Market Funds

Table with columns for Fund Name, Yield, and Date. Includes entries for Merrill Lynch Ready Assets, etc.

Gold

Table with columns for Location, Price, and Date. Includes entries for New York, London, etc.

Sources: Reuters (Gold); Bank of Tokyo (Commodity); Other data from Reuters and AP.

Colombia Tries to Prove It Is No Risk on Debt

By Alan Riding NEW YORK Times Service BOGOTA — On a continent where governments routinely resort to threats and cajolery to extract new loans from reluctant commercial banks, the manner of Colombia's credit request in early May seemed unusually elegant.

Issuing a courteous "invitation" to banks to come up with proposals, Colombia exuded a confidence that it had at last demonstrated it was different from its neighbors in more ways than just rhetoric.

Colombia had a good case. Alone in Latin America, its government has kept up interest and principal payments on a \$1.7 billion foreign commercial debt without once rescheduling. Further, the nation's economy is growing at an annual rate of more than 5 percent for a second year.

Within weeks the verdict was in. On July 20 President Virgilio Barco Vargas announced a provisional agreement with a 15-bank advisory committee for a \$1.06 billion credit, the first "voluntary" commercial loan to a Latin nation since the region's debt crisis began in 1982.

With Chemical Bank as the lead manager, 40 to 60 American, European and Japanese banks are expected to participate in the loan, which will be paid out in five stages beginning late this year.

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However, unlike Brazil, Colombia is not determined to exclude the IMF. Two years ago Colombia obtained a \$1 billion commercial credit that involved IMF monitoring.

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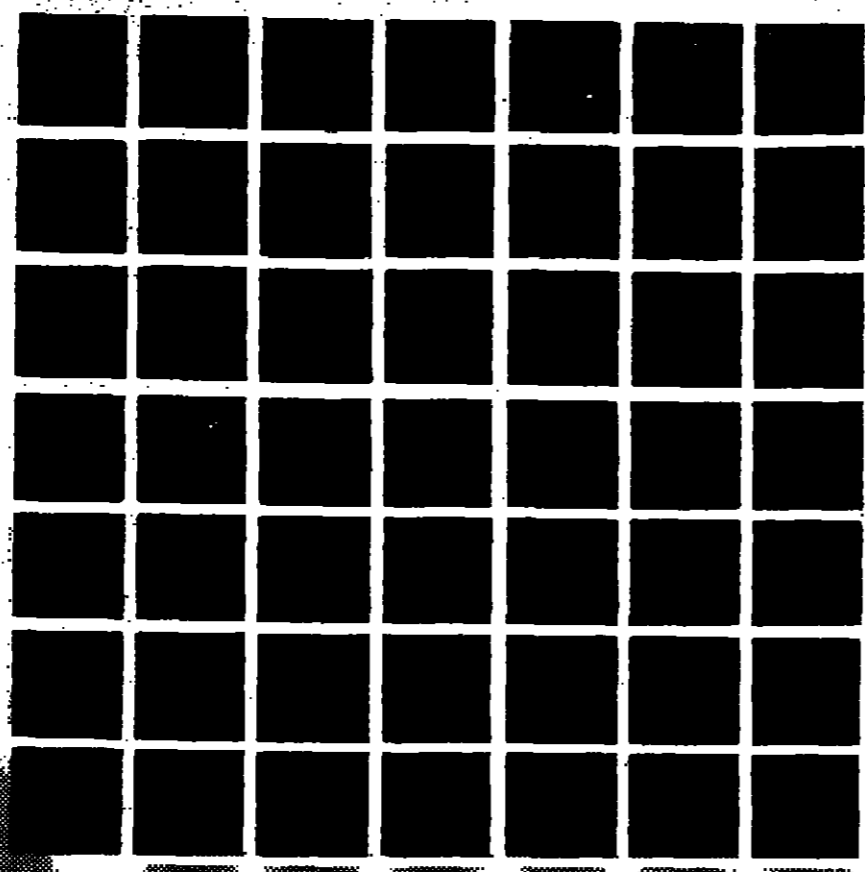
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Ideas bring growth to finance.

The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents. In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world. Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars. The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company. Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer. The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more. Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.

All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity. Its theatre of operations is increasingly worldwide.

Ferruzzi Agricola Finanziaria will span five continents.

Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings. Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance. The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.



**Ferruzzi
Agricola Finanziaria**

Wednesday's NSE Closing

Notes include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Symbol	High	Low	Open	Close	Change
IBM	125 1/4	124 3/4	125 1/4	125 1/4	0
MSFT	34 1/4	34 1/4	34 1/4	34 1/4	0
GE	28 1/4	28 1/4	28 1/4	28 1/4	0
AT&T	48 1/4	48 1/4	48 1/4	48 1/4	0
DIS	25 1/4	25 1/4	25 1/4	25 1/4	0
AMZN	17 1/4	17 1/4	17 1/4	17 1/4	0
GOOG	24 1/4	24 1/4	24 1/4	24 1/4	0
INTL	11 1/4	11 1/4	11 1/4	11 1/4	0
WMT	21 1/4	21 1/4	21 1/4	21 1/4	0
CVS	15 1/4	15 1/4	15 1/4	15 1/4	0
WAL	13 1/4	13 1/4	13 1/4	13 1/4	0
TRV	10 1/4	10 1/4	10 1/4	10 1/4	0
PRG	8 1/4	8 1/4	8 1/4	8 1/4	0
WDC	7 1/4	7 1/4	7 1/4	7 1/4	0
INTL	6 1/4	6 1/4	6 1/4	6 1/4	0
WAT	5 1/4	5 1/4	5 1/4	5 1/4	0
WAT	4 1/4	4 1/4	4 1/4	4 1/4	0
WAT	3 1/4	3 1/4	3 1/4	3 1/4	0
WAT	2 1/4	2 1/4	2 1/4	2 1/4	0
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TRV	10 1/4	10 1/4	10 1/4	10 1/4	0
PRG	8 1/4	8 1/4	8 1/4	8 1/4	0
WDC	7 1/4	7 1/4	7 1/4	7 1/4	0
INTL	6 1/4	6 1/4	6 1/4	6 1/4	0
WAT	5 1/4	5 1/4	5 1/4	5 1/4	0
WAT	4 1/4	4 1/4	4 1/4	4 1/4	0
WAT	3 1/4	3 1/4	3 1/4	3 1/4	0
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WMT	21 1/4	21 1/4	21 1/4	21 1/4	0
CVS	15 1/4	15 1/4	15 1/4	15 1/4	0
WAL	13 1/4	13 1/4	13 1/4	13 1/4	0
TRV	10 1/4	10 1/4	10 1/4	10 1/4	0
PRG	8 1/4	8 1/4	8 1/4	8 1/4	0
WDC	7 1/4	7 1/4	7 1/4	7 1/4	0
INTL	6 1/4	6 1/4	6 1/4	6 1/4	0
WAT	5 1/4	5 1/4	5 1/4	5 1/4	0
WAT	4 1/4	4 1/4	4 1/4	4 1/4	0
WAT	3 1/4	3 1/4	3 1/4	3 1/4	0
WAT	2 1/4	2 1/4	2 1/4	2 1/4	0
WAT	1 1/4	1 1/4	1 1/4	1 1/4	0

Company Results

Revenue and profit in millions, unless otherwise indicated.

Company	Revenue	Profit
British	1987	1986
Commercial Union	1987	1986
Generale Occidentale	1987	1986
United States	1987	1986
Avnet	1987	1986
Canada	1987	1986
Canada Development	1987	1986
Genesco	1987	1986
Canada Pacific	1987	1986
Sara Lee	1987	1986
Woolworth (F.W.)	1987	1986
Intl Thomson	1987	1986

U.S. Futures

Via The Associated Press

Symbol	High	Low	Open	Close	Change
WHEAT (CBT)	2.15	2.14	2.15	2.15	0
SOYBEANS (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN MEAL (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN OIL (CBT)	1.15	1.14	1.15	1.15	0
WHEAT (CBT)	2.15	2.14	2.15	2.15	0
SOYBEANS (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN MEAL (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN OIL (CBT)	1.15	1.14	1.15	1.15	0

Grains

Symbol	High	Low	Open	Close	Change
WHEAT (CBT)	2.15	2.14	2.15	2.15	0
SOYBEANS (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN MEAL (CBT)	1.15	1.14	1.15	1.15	0
SOYBEAN OIL (CBT)	1.15	1.14	1.15	1.15	0

Livestock

Symbol	High	Low	Open	Close	Change
CATTLE (CME)	1.15	1.14	1.15	1.15	0
PORK BELTIES (CME)	1.15	1.14	1.15	1.15	0

Currency Options

Symbol	High	Low	Open	Close	Change
PHILADELPHIA EXCHANGE	1.15	1.14	1.15	1.15	0

NSE Highs-Lows

Symbol	High	Low
IBM	125 1/4	124 3/4
MSFT	34 1/4	34 1/4
GE	28 1/4	28 1/4
AT&T	48 1/4	48 1/4
DIS	25 1/4	25 1/4
AMZN	17 1/4	17 1/4
GOOG	24 1/4	24 1/4
INTL	11 1/4	11 1/4
WMT	21 1/4	21 1/4
CVS	15 1/4	15 1/4
WAL	13 1/4	13 1/4
TRV	10 1/4	10 1/4
PRG	8 1/4	8 1/4
WDC	7 1/4	7 1/4
INTL	6 1/4	6 1/4
WAT	5 1/4	5 1/4
WAT	4 1/4	4 1/4
WAT	3 1/4	3 1/4
WAT	2 1/4	2 1/4
WAT	1 1/4	1 1/4

Food

Symbol	High	Low	Open	Close	Change
COFFEE (NYCSE)	1.15	1.14	1.15	1.15	0
SUGAR (NYCSE)	1.15	1.14	1.15	1.15	0
ORANGE JUICE (NYCSE)	1.15	1.14	1.15	1.15	0

Metals

Symbol	High	Low	Open	Close	Change
COPPER (COMEX)	1.15	1.14	1.15	1.15	0
SILVER (COMEX)	1.15	1.14	1.15	1.15	0
PLATINUM (NYMEX)	1.15	1.14	1.15	1.15	0
CRUDE OIL (NYMEX)	1.15	1.14	1.15	1.15	0

Stock Indexes

Index	High	Low	Open	Close	Change
DOW JONES	1150	1145	1150	1150	0
NYSE COMPOSITE	1150	1145	1150	1150	0
NASDAQ	1150	1145	1150	1150	0

Commodity Indexes

Index	High	Low	Open	Close	Change
CRUDE OIL	1150	1145	1150	1150	0
WHEAT	1150	1145	1150	1150	0
SOYBEANS	1150	1145	1150	1150	0

Market Guide

Chicago Board of Trade, New York Mercantile Exchange, etc.

Paris Commodities

Symbol	High	Low	Open	Close	Change
SUGAR	1.15	1.14	1.15	1.15	0
COFFEE	1.15	1.14	1.15	1.15	0
SOYBEANS	1.15	1.14	1.15	1.15	0

London Commodities

Symbol	High	Low	Open	Close	Change
SUGAR	1.15	1.14	1.15	1.15	0
COFFEE	1.15	1.14	1.15	1.15	0
SOYBEANS	1.15	1.14	1.15	1.15	0

Dividends

Company	Dividend	Yield
IBM	1.15	1.14
MSFT	1.15	1.14
GE	1.15	1.14
AT&T	1.15	1.14
DIS	1.15	1.14
AMZN	1.15	1.14
GOOG	1.15	1.14
INTL	1.15	1.14
WMT	1.15	1.14
CVS	1.15	1.14
WAL	1.15	1.14
TRV	1.15	1.14
PRG	1.15	1.14
WDC	1.15	1.14
INTL	1.15	1.14
WAT	1.15	1.14
WAT	1.15	1.14
WAT	1.15	1.14
WAT	1.15	1.14
WAT	1.15	1.14

Spot Commodities

Symbol	High	Low	Open	Close	Change
CRUDE OIL	1.15	1.14	1.15	1.15	0
WHEAT	1.15	1.14	1.15	1.15	0
SOYBEANS	1.15	1.14	1.15	1.15	0

U.S. Treasuries

Symbol	High	Low	Open	Close	Change
10 Year	1150	1145	1150	1150	0
5 Year	1150	1145	1150	1150	0
3 Month	1150	1145	1150	1150	0

DM Futures Options

Symbol	High	Low	Open	Close	Change
DM Futures	1.15	1.14	1.15	1.15	0

S&P 100 Index Options

Symbol	High	Low	Open	Close	Change
S&P 100	1150	1145	1150	1150	0

London Metals

Symbol	High	Low	Open	Close	Change
ALUMINUM	1.15	1.14	1.15	1.15	0
COPPER	1.15	1.14	1.15	1.15	0
ZINC	1.15	1.14	1.15	1.15	0

ACI Sells Paints Units

SYDNEY - ACI International Ltd. of Australia said Wednesday that it planned to sell its Dinet paint businesses in Southeast Asia to another Australian concern, Watty Ltd. for an undisclosed price. Watty makes paints, wallpaper and other surface coatings and would take over Dinet operations in Singapore, Indonesia, Malaysia, Thailand and Hong Kong.

Alitalia Joins Booking System

ZURICH - Alitalia of Italy has joined a move to create a European computerized booking system for airlines known as Galileo, Swissair said Wednesday. The decision carries the number of participating carriers to seven.

BUSINESS ROUNDUP

Toshiba Fails to Win Pentagon Order

By David E. Sanger
New York Times Service
NEW YORK — In a major setback for embattled Toshiba Corp. of Japan, the Pentagon has awarded Zenith Electronics Corp. a \$104 million contract to provide the military with laptop computers. Pentagon officials stopped short Tuesday of saying that Toshiba, which was considered the early favorite to receive the contract, had been disqualified because its subsidiary, Toshiba Machine Co., had

helped provide submarine technology to the Soviet Union. But in recent weeks, Defense Secretary Caspar W. Weinberger has been under intense political pressure not to grant the contract to the Japanese electronics giant. The Pentagon said last week it would refuse to grant prime contracts to Toshiba until investigations are completed into its sales of machine tools for manufacturing submarine propellers.

"It is not really a surprise," said

Nobuo Ishizaka, the chairman of Toshiba America Inc., the company's U.S. subsidiary. "With the pressure from Congress, I don't think it was possible politically for the Department of Defense to award it to us."

The award marks a coup for Zenith in its efforts to become the pre-eminent maker of laptop computers, a small but quickly growing segment of the personal computer market.

The Pentagon's order, which will cover up to 90,000 laptop machines over the next three years, appears to be the largest single contract for a portable computer. The Zenith machines will be used by the navy, the air force, the army and the Defense Logistics Agency.

In February 1986, the Glenview, Illinois, electronics manufacturer won a \$27 million laptop computer contract from the U.S. Internal Revenue Service, which is equipping its agents with the machines for field audits.

In that contract, as in the one awarded Tuesday, Zenith also beat out International Business Machines Corp., whose laptop offering has been among the least successful elements of its personal computer line.

The air force solicited 235 bids for the laptop contract and received 18 proposals, all from American and Japanese computer makers. A few months ago, the choices were narrowed to Zenith, IBM and Toshiba, and IBM was soon eliminated, according to reports in trade magazines.

After the scandal over the Soviet sales broke in April, Toshiba lobbied heavily to remain in the bidding on the contract. In advertisements and in visits to members of Congress, its representatives apologized for the diversion of technology and said Toshiba was taking steps to ensure that the incident was never repeated.

The machines the military will buy are members of the Z-180 series, variants of which are sold commercially.

Alcatel Unit Wins Bulk of Contract For Updated Belgian Phone System

BRUSSELS — A subsidiary of Alcatel NV, the joint venture of ITT Corp. and Compagnie Générale d'Electricité of France, has won the bulk of a large contract to modernize Belgium's telephone system, a Telecommunications Ministry spokesman said Wednesday. Industry sources say the modernization would cost about \$0 billion Belgian francs (\$1.3 billion dollars) over five years. About 1.5 million new lines will be installed.

The Alcatel unit will install 960,000 of the lines, an order worth at least 15.36 billion francs, or \$395 million, the spokesman said. Siemens AG of West Germany will be guaranteed orders for 480,000 lines. Another 60,000 will be awarded by tender.

The cabinet took several months to agree upon details of the contract. Political sources said ministers had to balance the need to update Belgian telecommunications as cheaply as possible with ensuring that the resulting work was fairly divided among French- and Dutch-speaking regions.

Alcatel, established at the end of last year, is the world's second-largest telecommunications company behind American Telephone & Telegraph. Other partners in the venture include Societe Generale de Belgique, Belgium's largest financial holding company.

SEC Investigating Harcourt For Plan That Beat Maxwell

WASHINGTON — Harcourt Brace Jovanovich Inc., the publishing giant, has reported that it is being investigated by the U.S. Securities and Exchange Commission for its recapitalization plan that thwarted a hostile \$2 billion takeover attempt by Robert Maxwell, the British publisher. Harcourt launched the \$3 billion restructuring plan in May. The British publisher dropped his takeover attempt late last month after a federal judge rejected a claim by his British Printing & Communications Corp. that the Harcourt plan was illegal.

In its filing on Tuesday with the SEC, Harcourt also said it planned to offer publicly \$1.28 billion of debt to reduce the \$2 billion bank loan it received to help finance the restructuring, and also unveiled cost-cutting measures to meet the remaining expenses.

The SEC is specifically investigating Harcourt's repurchases of its securities last May and its recommendations that holders of its debt securities convert them into common stock by June 8 to receive a special \$40 cash dividend and a new preferred share.

Mr. Maxwell contended that the dividend amounted to fraud because it exceeded by more than \$1 billion Harcourt's surplus for dividends under New York law. After the plan was announced, the company spent about \$260 million to repurchase an unspecified amount of its common stock and debt securities.

The diversified textbook and entertainment company, based in Orlando, Florida, said it told the SEC it believed its repurchases and recommendations to debt securities holders "were in compliance with applicable federal securities laws."

If the cost-saving effort is inadequate and it is unable to raise new financing, Harcourt Brace said it might have to sell assets or possibly, as a last resort, seek bankruptcy court protection from its creditors.

Net Asset Value on August 6, 1987
Pacific Selection Fund N.V.
U.S.\$0.47 per U.S.\$1 unit.
Pacific Selection Fund N.V.

Republic Clearing Corporation
FUTURES & OPTIONS ON FUTURES
Gold & Silver Futures
Financial Instruments Stock Indices
\$25 BOUND TURN
\$15 for trades on ending 250 cents in per calendar month
Call us at 212-221-7138
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AN AFFILIATE OF
Republic National Bank of New York

BP's German Unit, Ultramar Report Climb in Earnings

HAMBURG — Deutsche BP AG, wholly owned by British Petroleum Co., said Wednesday that its profit nearly tripled last year to 104 million Deutsche marks (\$54.86 million at current exchange rates) from 37 million DM in 1985, with oil business accounting for a higher share of operating earnings.

In London, another oil company, Ultramar PLC, reported that operating profit for the six months to June rose 46.2 percent to £60.4 million (\$94.83 million) from £41.3 million in the comparable 1986 half.

Deutsche BP reporting just before Thursday's second-quarter earnings for its parent, said the higher profit came despite a 52.6 percent plunge in sales to 6.2 billion DM from 13.1 billion, mainly because of the slump in oil and products prices.

Another oil giant, Royal Dutch/Shell Group, is also scheduled to report second-quarter results Thursday.

The managing board chairman of the West German energy company, Hellmuth Buddenberg, said oil business had contributed 340 million DM, or 59 percent, of the overall operating profit of 540 million DM, up from 110 million, or 54

percent, of the operating profit for 1985. These figures are calculated on a replacement-cost basis, excluding values of oil inventories.

The oil sector's sharply higher results were helped by improved performances for refining and marketing. Oil sales rose to 14.5 million metric tons from 14.2 million in 1985.

Mr. Buddenberg said last year's operating profit was enough to offset write-offs on oil inventories, and to pay for a corporate restructuring. He did not elaborate.

Two nonoil sectors — chemicals, and coal and gas — showed improved results over 1985, when both sectors contributed a combined 140 million DM toward operating profit, he said. However, he provided no details.

Ultramar said its higher earnings came on revenues that declined 15.4 percent to £565.2 million from £652.1 million.

The company said there was greater industry confidence that the underlying trend of oil prices was upward, adding that its exploration and production operations would benefit from the shift.

Ultramar said its immediate priorities continued to be cost control and the restructuring of underperforming operations.

Buyer Shaping for First City Bancorp

By Nathaniel C. Nash
New York Times Service

WASHINGTON — U.S. regulators are close to finding a buyer for the troubled First City Bancorp of Texas in a transaction that could include a federal financial assistance package worth almost \$1 billion, government officials say.

The officials, who asked not be identified, said Tuesday that the Federal Deposit Insurance Corp. was in the final stages of negotiations with several investor groups that have voiced interest in buying the \$12.5 billion institution, which is facing heavy losses on real estate and energy loans.

The FDIC insures deposits of up to \$100,000 at the nation's commercial banks. The arrangement described by the government officials represents a new approach by the agency in dealing with large troubled institutions.

In any purchase of First City, a substantial infusion of capital by the FDIC would be included, but

that does not mean the agency would pay \$1 billion out of its \$18 billion fund.

Rather, a large portion of the rescue package would be made up of guarantees against possible future losses. This approach is similar but not identical to arrangements the Federal Savings and Loan Insurance Corp. has made in many cases in the past.

Previously, the FDIC usually removed all the bad loans from an insolvent bank and sold the remaining good loans to an acquiring investor.

But more recently, as the FDIC has become burdened with liquidating troubled assets, the agency has sought to persuade the acquiring institutions to take on that responsibility in return for an assurance from the FDIC against some losses on those assets.

■ **Governor Stirs Panic**
Statements by Governor Bill Clements of Texas that the U.S. government would renege on its promise to insure deposits in savings and loans triggered an increase in withdrawals from Texas thrifts and adamant government denials, The Associated Press reported.

Mr. Clements was quoted Tuesday by the Amarillo Globe-News as saying that the federal government was defrauding the public by propping up insolvent thrifts.

He predicted that "the federal government is finally going to belly up to this problem, and when they do, they're going to pay off those depositors like 30 cents on the dollar and give them a piece of paper, like a bond."

In Washington, M. Danny Wall, chairman of the Federal Home Loan Bank Board, denounced his statements as erroneous and assured consumers that their deposits were safe.

The FSLIC, a branch of the Federal Home Loan Bank Board, insures deposits of up to \$100,000 at 3,200 member institutions nationwide.

INTERNATIONAL POSITIONS

Wanted for State of Qatar

The Department of Civil Servants Affairs, Ministry of Finance & Petroleum, State of Qatar invite highly qualified candidates to fill the post of Horse Trainer, vacant in Youth Welfare Supreme Council.

Qualifications & Experience: At least 10 years experience in training horses, instructing in the field of horses and horse races, and will be capable to organize and supervise the horse races.

- He must be medically and physically fit for the job.
- Must be conversant with the horse races in the world.
- Must be fluent in speaking & writing English.

Note: Interested candidates may submit their applications in duplicate together with 4 passport size photographs, C.V., photo copies of Diploma/Degree and experience and relevant documents attested from the concerned authorities to:

**DIRECTOR OF CIVIL SERVANTS AFFAIRS
MINISTRY OF FINANCE & PETROLEUM
PO BOX NO. 36, DOHA-QATAR.**

Applications once received will neither be returned nor acknowledged.

Commercial Director

Based Turkey

c. £35,000 + car + full married status expatriate benefits

Our client is a well-established, \$35 million subsidiary of a world-renowned \$1 billion US multinational, whose products are a household name and synonymous with lasting quality. The Turkish subsidiary is in the process of broadening its product range in white goods/audio-visual products, small appliances and traffic items. The company has its own manufacturing base for its core product line which has a dominant market position in the Turkish market.

As Commercial Director you will head up the marketing and sales function of the company with emphasis on identifying, developing and introducing new products, strengthening and diversifying its distribution network and developing new

team members — all with the objective of expanding its revenue base. You will also be a member of the local board of directors.

Aged 30-48, you will have at least five years' experience at senior management level in marketing consumer products.

The Corporation is also interested in employing qualified managers for similar key marketing positions in other parts of its worldwide operations. Qualifications required are essentially the same as for the Commercial Director position.

To apply, please send cv or telephone or write for an application form to James Gunn, Sales and Marketing Group, Ref: 1614/JG/IHT.



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International Marketing Europe, Africa & Middle East

A World Leader in High Technology and Information Systems Based in Brussels and London

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As part of their investment in marketing, our client wishes to strengthen their team in the following areas:

1. Product Marketing
2. Market Development
3. Market Information & Analysis
4. Marketing Communications
5. International Account Management

Opportunities exist at a variety of levels from Product/Market/Consultant through to Senior Marketing Manager. Candidates should have experience of international marketing ideally gained in related technological and/or vertical markets. Fluency in English is essential with additional linguistic skills being beneficial. These are highly demanding roles in a dynamic leading edge company which will provide the successful candidates with excellent career prospects together with stimulating working conditions and an attractive benefits package.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a Personal History Form to J.G. Kilvington, Hoggett Bowers SA/NY, 250 Avenue Louise, 1050 BRUSSELS, Tel: Brussels 647 4155, quoting Ref: X1201/IHT.

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HONORARY CONSUL

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ANPE

L'Agence Nationale Pour l'Emploi
AGENCE SPÉCIALE DES INGÉNIEURS ET CADRES
12 Rue Blanche, 75436 Paris CEDEX 09.
Tel.: 4280.61.46. Ext. 71
4285.44.40. Ext. 42.

- AGE 26, French mother-tongue, fluent English and German, 3 years work experience international companies: assistant to Sales Manager, export assistant big chemical firm. Higher education with international business. Emphasis: SEKS position related to international business: import/export. Ref.: 597 - Paris Cedex I.
- 24 YEARS, Franco-American with MBA in Finance, trilingual with Arabic, experience with oil, bank. Good knowledge of international business. LOOKING FOR interesting job to use skills properly. Ref.: 598 - Paris Cedex I.
- ARCHITECT, 32 years, SEKS job France or overseas. Experience 79/81 administration, management and teaching in an architecture school. B1/100 conception/association sales industrial equipment and services, operations start-up, general business and technology. Responsibility branch gross sales, \$15 M, 100 employees, SEKS/NO new managerial challenge, France or abroad. Willing to travel. Relocates any country. Ref.: 600 - Paris Cedex I.
- LAWYER, specialized in international industrial contracts, international business law, 40 years, French doctorate, Master of law, fluent English, 10 years experience, SEKS position as international lawyer in law firm or industry, France or abroad. Ref.: 601 - Paris Cedex I.

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Price Waterhouse



Dollar Slips and Helps Boost Pound

LONDON — Profit-taking pushed the dollar lower in light of European trading Wednesday after the U.S. currency failed to extend its recent gains...

London Dollar Rates table with columns for currency, bid, and ask prices.

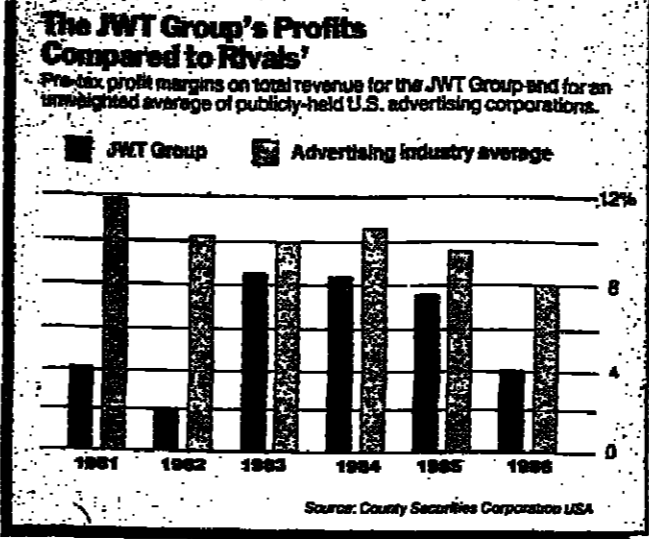
Bundesbank Unlikely to Raise Rates at Meeting

FRANKFURT — Analysts and market dealers said Wednesday that the Bundesbank would probably leave its leading interest rates unchanged...

in" for sterling, a dealer at a major British merchant bank said, noting that the thin market was exaggerating currency moves.

JWT: How an Institution of Madison Avenue Was Won by a British Financial Whiz

(Continued from first finance page) margins in the industry have tended to average about 10 since 1980, according to Wall Street analysts.



15 acquisitions, including companies in graphic design, sales promotion and video communications. But he was impatient for something bigger.

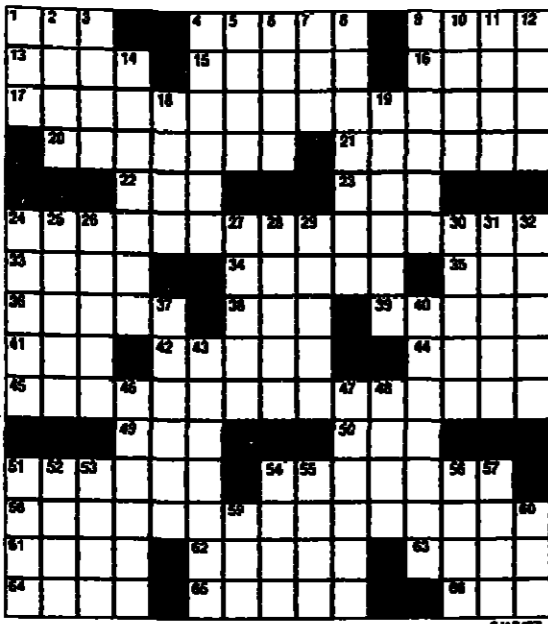
many" managers who left, said John A. Treasure, a 25-year veteran of the firm who once headed the British office and is now vice chairman of Saatchi in London.

Wednesday's OTC Prices NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Main OTC market listing table with columns for stock name, price, volume, and change. Includes sub-sections A through Z.

Continuation of OTC market listing table, sub-sections A through Z.

Wednesday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street.



ACROSS

1 Doctors' org.
4 Turkish city, formerly Seyhan
9 — of Fools, 1965 film
13 Leslie Caron film, 1953
15 Did a cobbler's future
16 Dell order
17 Charter Heston movie: 1967
20 Wins over
21 Hatred
22 Call — day
23 Map abbr.
24 Al Pacino film: 1975
33 A first name in mysteries
34 Gossage or Goslin
35 Town on New Guinea
36 Rossellini classic: 1946
38 Balaam's —
39 Creme de la creme
41 Wartime radio
42 Reach by agency
44 Full of reverence
45 Tatum O'Neal movie: 1976
49 Mouths
50 — excellence

DOWN

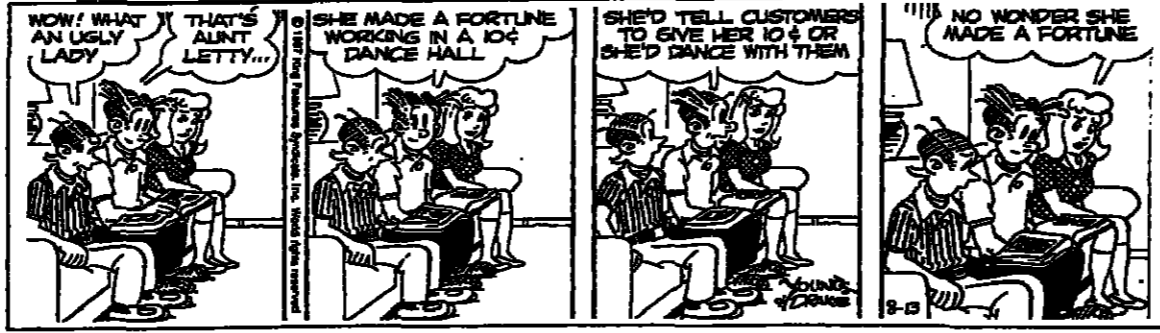
11 He played in "A Thousand Clowns": 1965
12 Baby's perch, in a rhyme
14 High flier at sea
18 Lustrous
19 In the future
20 Peruse
21 Hammer and sickle
22 Salamander
24 Military warehouse
25 Plant of the goosefoot family
26 Move effortlessly
27 "You —", Klugman sitcom
28 He choreographed "Pippin"
29 "... and a time": Eccl. 3:7
30 A part of Gdansk
31 Horse opera
32 Necessities
37 Biblical mount
40 Ophelia's brother
41 Unyielding
42 Landan and a sitcom
43 Seine
45 Sticks
46 Flower part
47 Indian from Ariz.
51 "God's Quaff": E. Caldwell
52 U.S.S.R. river
53 Jospin Broz
54 Sit up
56 Chinese horn
57 Univ. teacher
59 Niño's uncle
60 Farmicary inhabitant

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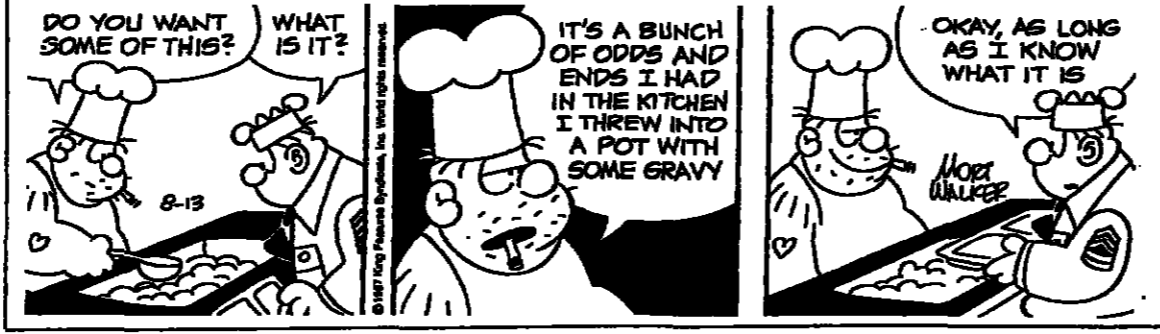
PEANUTS



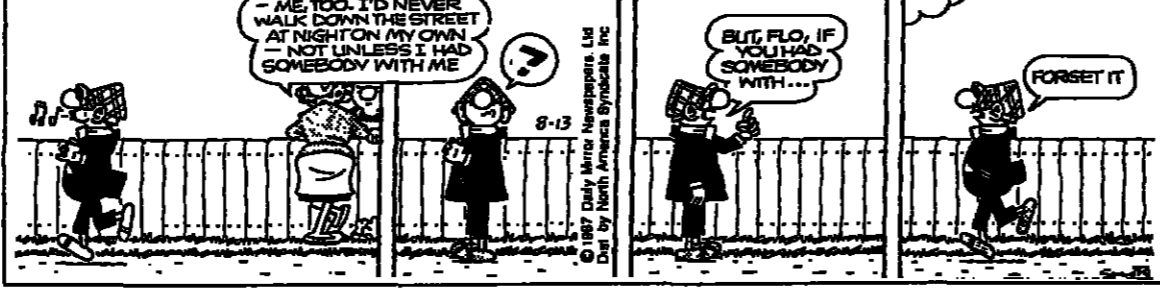
BLONDIE



BEETLE BAILEY



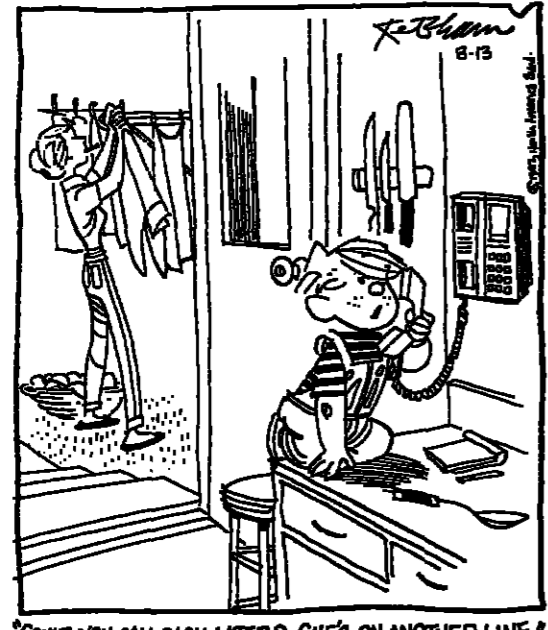
ANDY CAPP



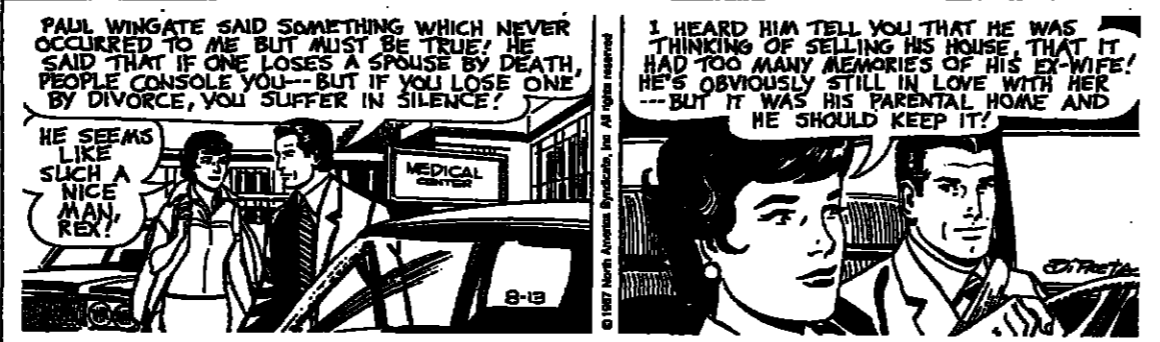
WIZARD of ID



DENNIS THE MENACE



REX MORGAN



GARFIELD



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

UGLID
NALST
VPSLE
PANDEM

Print answer here: _____

Yesterday's Jumble: DENON HICH POPULAR TYCOON
Answer: When you're playing the game of golf, nothing counts like this—YOUR OPPONENT.

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Aberdeen	57	41	Bangkok	31	24
Amsterdam	56	42	Hong Kong	27	21
Antwerp	56	42	Manila	27	21
Berlin	56	42	Seoul	27	21
Brussels	56	42	Singapore	27	21
Copenhagen	56	42	Tokyo	27	21
Dublin	56	42			
Frankfurt	56	42			
Geneva	56	42			
London	56	42			
Madrid	56	42			
Moscow	56	42			
Munich	56	42			
Nice	56	42			
Paris	56	42			
Rome	56	42			
Stockholm	56	42			
Vienna	56	42			
Zurich	56	42			
MIDDLE EAST					
Athens	56	42			
Bahra	56	42			
Calcutta	56	42			
Dhaka	56	42			
Delhi	56	42			
Hong Kong	56	42			
London	56	42			
Manila	56	42			
Moscow	56	42			
Seoul	56	42			
Singapore	56	42			
Tokyo	56	42			
Washington	56	42			
Yokohama	56	42			
OCEANIA					
Auckland	56	42			
Sydney	56	42			

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Aug. 12.

Amsterdam	London	Frankfurt	Paris	Stockholm	Sydney	Zurich
AGF 100.00	AA 200.00	AG 100.00	AF 100.00	AS 100.00	AS 100.00	AS 100.00
ABN 100.00	AB 200.00	AB 100.00	AB 100.00	AB 100.00	AB 100.00	AB 100.00
AD 100.00	AD 200.00	AD 100.00	AD 100.00	AD 100.00	AD 100.00	AD 100.00
AE 100.00	AE 200.00	AE 100.00	AE 100.00	AE 100.00	AE 100.00	AE 100.00
AF 100.00	AF 200.00	AF 100.00	AF 100.00	AF 100.00	AF 100.00	AF 100.00
AG 100.00	AG 200.00	AG 100.00	AG 100.00	AG 100.00	AG 100.00	AG 100.00
AH 100.00	AH 200.00	AH 100.00	AH 100.00	AH 100.00	AH 100.00	AH 100.00
AI 100.00	AI 200.00	AI 100.00	AI 100.00	AI 100.00	AI 100.00	AI 100.00
AJ 100.00	AJ 200.00	AJ 100.00	AJ 100.00	AJ 100.00	AJ 100.00	AJ 100.00
AK 100.00	AK 200.00	AK 100.00	AK 100.00	AK 100.00	AK 100.00	AK 100.00
AL 100.00	AL 200.00	AL 100.00	AL 100.00	AL 100.00	AL 100.00	AL 100.00
AM 100.00	AM 200.00	AM 100.00	AM 100.00	AM 100.00	AM 100.00	AM 100.00
AN 100.00	AN 200.00	AN 100.00	AN 100.00	AN 100.00	AN 100.00	AN 100.00
AO 100.00	AO 200.00	AO 100.00	AO 100.00	AO 100.00	AO 100.00	AO 100.00
AP 100.00	AP 200.00	AP 100.00	AP 100.00	AP 100.00	AP 100.00	AP 100.00
AQ 100.00	AQ 200.00	AQ 100.00	AQ 100.00	AQ 100.00	AQ 100.00	AQ 100.00
AR 100.00	AR 200.00	AR 100.00	AR 100.00	AR 100.00	AR 100.00	AR 100.00
AS 100.00	AS 200.00	AS 100.00	AS 100.00	AS 100.00	AS 100.00	AS 100.00
AT 100.00	AT 200.00	AT 100.00	AT 100.00	AT 100.00	AT 100.00	AT 100.00
AV 100.00	AV 200.00	AV 100.00	AV 100.00	AV 100.00	AV 100.00	AV 100.00
AW 100.00	AW 200.00	AW 100.00	AW 100.00	AW 100.00	AW 100.00	AW 100.00
AX 100.00	AX 200.00	AX 100.00	AX 100.00	AX 100.00	AX 100.00	AX 100.00
AY 100.00	AY 200.00	AY 100.00	AY 100.00	AY 100.00	AY 100.00	AY 100.00
AZ 100.00	AZ 200.00	AZ 100.00	AZ 100.00	AZ 100.00	AZ 100.00	AZ 100.00
BA 100.00	BA 200.00	BA 100.00	BA 100.00	BA 100.00	BA 100.00	BA 100.00
BB 100.00	BB 200.00	BB 100.00	BB 100.00	BB 100.00	BB 100.00	BB 100.00
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BI 100.00	BI 200.00	BI 100.00	BI 100.00	BI 100.00	BI 100.00	BI 100.00
BJ 100.00	BJ 200.00	BJ 100.00	BJ 100.00	BJ 100.00	BJ 100.00	BJ 100.00
BK 100.00	BK 200.00	BK 100.00	BK 100.00	BK 100.00	BK 100.00	BK 100.00
BL 100.00	BL 200.00	BL 100.00	BL 100.00	BL 100.00	BL 100.00	BL 100.00
BM 100.00	BM 200.00	BM 100.00	BM 100.00	BM 100.00	BM 100.00	BM 100.00
BN 100.00	BN 200.00	BN 100.00	BN 100.00	BN 100.00	BN 100.00	BN 100.00
BO 100.00	BO 200.00	BO 100.00	BO 100.00	BO 100.00	BO 100.00	BO 100.00
BP 100.00	BP 200.00	BP 100.00	BP 100.00	BP 100.00	BP 100.00	BP 100.00
BQ 100.00	BQ 200.00	BQ 100.00	BQ 100.00	BQ 100.00	BQ 100.00	BQ 100.00
BR 100.00	BR 200.00	BR 100.00	BR 100.00	BR 100.00	BR 100.00	BR 100.00
BS 100.00	BS 200.00	BS 100.00	BS 100.00	BS 100.00	BS 100.00	BS 100.00
BT 100.00	BT 200.00	BT 100.00	BT 100.00	BT 100.00	BT 100.00	BT 100.00
BU 100.00	BU 200.00	BU 100.00	BU 100.00	BU 100.00	BU 100.00	BU 100.00
BV 100.00	BV 200.00	BV 100.00	BV 100.00	BV 100.00	BV 100.00	BV 100.00
BW 100.00	BW 200.00	BW 100.00	BW 100.00	BW 100.00	BW 100.00	BW 100.00
BX 100.00	BX 200.00	BX 100.00	BX 100.00	BX 100.00	BX 100.00	BX 100.00
BY 100.00	BY 200.00	BY 100.00	BY 100.00	BY 100.00	BY 100.00	BY 100.00
BZ 100.00	BZ 200.00	BZ 100.00	BZ 100.00	BZ 100.00	BZ 100.00	BZ 100.00
CA 100.00	CA 200.00	CA 100.00	CA 100.00	CA 100.00	CA 100.00	CA 100.00
CB 100.00	CB 200.00	CB 100.00	CB 100.00	CB 100.00	CB 100.00	CB 100.00
CC 100.00	CC 200.00	CC 100.00	CC 100.00	CC 100.00	CC 100.00	CC 100.00
CD 100.00	CD 200.00	CD 100.00	CD 100.00	CD 100.00	CD 100.00	CD 100.00
CE 100.00	CE 200.00	CE 100.00	CE 100.00	CE 100.00	CE 100.00	CE 100.00
CF 100.00	CF 200.00	CF 100.00	CF 100.00	CF 100.00	CF 100.00	CF 100.00
CG 100.00	CG 200.00	CG 100.00	CG 100.00	CG 100.00	CG 100.00	CG 100.00
CH 100.00	CH 200.00	CH 100.00	CH 100.00	CH 100.00	CH 100.00	CH 100.00
CI 100.00	CI 200.00	CI 100.00	CI 100.00	CI 100.00	CI 100.00	CI 100.00
CJ 100.00	CJ 200.00	CJ 100.00	CJ 100.00	CJ 100.00	CJ 100.00	CJ 100.00
CK 100.00	CK 200.00	CK 100.00	CK 100.00	CK 100.00	CK 100.00	CK 100.00
CL 100.00	CL 200.00	CL 100.00	CL 100.00	CL 100.00	CL 100.00	CL 100.00
CM 100.00	CM 200.00	CM 100.00	CM 100.00	CM 100.00	CM 100.00	CM 100.00
CN 100.00	CN 200.00	CN 100.00	CN 100.00	CN 100.00	CN 100.00	CN 100.00
CO 100.00	CO 200.00	CO 100.00	CO 100.00	CO 100.00	CO 100.00	CO 100.00
CP 100.00	CP 200.00	CP 100.00	CP 100.00	CP 100.00	CP 100.00	CP 100.00
CQ 100.00	CQ 200.00	CQ 100.00	CQ 100.00	CQ 100.00	CQ 100.00	CQ 100.00
CR 100.00	CR 200.00	CR 100.00	CR 100.00	CR 100.00	CR 100.00	CR 100.00
CS 100.00	CS 200.00	CS 100.00	CS 100.00	CS 100.00	CS 100.00	CS 100.00
CT 100.00	CT 200.00	CT 100.00	CT 100.00	CT 100.00	CT 100.00	CT 100.00
CU 100.00	CU 200.00	CU 100.00	CU 100.00	CU 100.00	CU 100.00	CU 100.00
CV 100.00	CV 200.00	CV 100.00	CV 100.00	CV 100.00	CV 100.00	CV 100.00
CW 100.00	CW 200.00	CW 100.00	CW 100.00	CW 100.00	CW 100.00	CW 100.00
CX 100.00	CX 200.00	CX 100.00	CX 100.00	CX 100.00	CX 100.00	CX 100.00
CY 100.00	CY 200.00	CY 100.00	CY 100.00	CY 100.00	CY 100.00	CY 100.00
CZ 100.00	CZ 200.00	CZ 100.00	CZ 100.00	CZ 100.00	CZ 100.00	CZ 100.00
DA 100.00	DA 200.00	DA 100.00	DA 100.00	DA 100.00	DA 100.00	DA 100.00
DB 100.00	DB 200.00	DB 100.00	DB 100.00	DB 100.00	DB 100.00	DB 100.00
DC 100.00	DC 200.00	DC 100.00	DC 100.00	DC 100.00	DC 100.00	DC 100.00
DD 100.00	DD 200.00	DD 100.00	DD 100.00	DD 100.00	DD 100.00	DD 100.00
DE 100.00	DE 200.00	DE 100.00	DE 100.00	DE 100.00	DE 100.00	DE 100.00
DF 100.00	DF 200.00	DF 100.00	DF 100.00	DF 100.00	DF 100.00	DF 100.00
DG 100.00	DG 200.00	DG 100.00	DG 100.00	DG 100.00	DG 10	

SPORTS

Under Pressure, a Lifter Carries His Weight

VANTAGE POINT/George Vecsey

New York Times Service
INDIANAPOLIS — It was the day Tony Urrutia had been waiting for, ever since that moment in Mexico City in 1980 when he jumped out of his hotel room and vaulted over a fence outside the U.S. Embassy.



Tony Urrutia, performing Tuesday in Indianapolis: Little suspense, but great drama.

pounds, set by Urrutia in San Juan in 1979. They did not come close. At the end, Lara had three gold medals. Allegues three silvers and Urrutia three bronzes. There had been no public eye contact between the two sides.



Mark McGwire, hitting No. 38: Both bar and ball in the Hall of Fame.

McGwire Sets Home Run Mark

Compiled by Our Staff From Dispatches
SEATTLE — Mark McGwire, knowing his power stroke would return, waited out 11 games before breaking a record that had stood for 37 years. The Oakland first baseman Tuesday night hit his 38th home run of the season to break the American League record Al Rosen had set in 1950 with Cleveland.

BASEBALL ROUNDUP

Padres 7, Braves 6: In the National League, in San Diego, Tony Gwynn went 5-for-5 and scored on Benito Santiago's ninth-inning single to give the Padres a seventh straight triumph — their longest winning streak since May of 1985.

New Zealander Roils Cup Waters With Unexpected Challenge

By Angus Phillips

WASHINGTON — When last heard from, Michael Fay and his New Zealand America's Cup campaign were giving Dennis Conner fits in Australia. In the end, Conner put them away in the final challenger trials and went on to win the cup.

gilt, a musty document of 12 paragraphs completed in 1857.

After the last cup, Fay and his lawyer had a look at the deed and were astonished to see that its terms for challenging bore no relation to the current system of elaborate sail-offs between competing challengers in 12 meters.

tradition, which allows multiple challenges from a variety of nations.

Already, he said, 15 syndicates have expressed interest in challenging in 1991. If Fay got his way, they all would have to stand back and wait.

Marshall said Fay's plan is the antithesis of the spirit of the deed, which calls for "friendly" international competition, and maintained it would deny many potential challengers their chances to compete.

He said the precedent for multiple challenges in 12 meters established over the last 30 years would stand up in court.

New Zealand Wins Trophy

New Zealand, led by the yacht Propaganda, won the prestigious Admirals Cup yachting trophy for the first time Wednesday after finishing fourth on corrected time in the five-race series. The Associated Press reported from Plymouth, England.

SCOREBOARD

Transition
BASEBALL
AMERICAN LEAGUE
BALTIMORE—Tread Nelson Simmons, outfielder, to Seattle for a player to be named later.

Baseball

Tuesday's Major League Line Scores
AMERICAN LEAGUE
Cleveland 6, Toronto 3
Detroit 5, Kansas City 3
Boston 4, Milwaukee 2

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Toronto, Detroit, Milwaukee, Boston, Baltimore, Cleveland, New York, Kansas City, Oakland, Philadelphia, and St. Louis.

Off-the-wall challenger Michael Fay has named his weapon.



SPORTS BRIEFS

Rosario Keeps WBA Lightweight Title
CHICAGO (UPI) — Edwin Rosario withstood questionable tactics Tuesday night to retain his World Boxing Association lightweight title by stopping Puerto Rican compatriot Juan Nazario. Rosario, 26, defeated Nazario, 26, by a left hook to the side of the neck and followed with a left cross, knocking out the challenger at 2:43 of the eighth round.

Gross of Phillies Suspended 10 Days

NEW YORK (UPI) — Kevin Gross of the Philadelphia Phillies, caught with an abrasive substance glued to his glove on Tuesday, became the second pitcher in less than a week to be suspended 10 days for cheating.

Quotable

Greg Norman, to a fan who said he'd lost a bet on him in the PGA: "Don't feel too bad, mate. I didn't make any money here, either." (LAT)
Cincinnati's Pete Rose, on why he prefers headfirst slides: "They're safer, faster and they get your picture in the paper." (LAT)

INTERNATIONAL CLASSIFIED (Continued From Back Page)
ESCORTS & GUIDES
INTERNATIONAL ESCORT SERVICE
ARISTOCATS
GENEVA ESCORT
LONDON BELGRAVIA
MAYFAIR CLUB
CAPRICE-NY
LONDON KENSINGTON ESCORT SERVICE
LONDON ONLY JAPANESE ESCORT SERVICE

Pan American Games

Gold Medalists
(At Indianapolis)
EQUESTRIAN
Three-Day: United States (Mano Lindroth, Pacyr McCaugham, Emily MacGowan and Mike Hubert)
Individual: Mike Hubert, U.S.

ART BUCHWALD

Nibbling on Inflation

WASHINGTON — When the president said we all have to bite the bullet on the economy, I immediately went down to my local sporting goods store.



Buchwald

"I would like a bullet, please," I said to the clerk. "You mean a box of bullets," he corrected me.

He placed it in my mouth. I bit on it. "How does that feel?" he asked. "Not too bad. How does it look?"

"You have the shell casing sticking out. Did the president indicate what part of the bullet he wanted you to bite?"

Neopolis Found in Italy

CELANO, Italy — Archaeologists said Wednesday they had discovered a neopolis dating back 3,000 years in the Abruzzi hills in central Italy.

White on vacation Art Buchwald received limited immunity, and the special prosecutor has allowed him to reprint some of his favorite columns.

Suffering Artists, Moviemakers' Joy

By Walter Goodman New York Times Service NEW YORK — The reappearance on screen of Paul Gauguin, in "The Wolf at the Door," is evidence of the enduring appeal to moviemakers of the lives of artists.



Donald Sutherland as Paul Gauguin in "The Wolf at the Door."

And so we grow up with handsome composers, hair flying as they assault their Steinways, and handsome writers, hair flying as they dip their nibs or attack their Remingtons with crazed expressions.

But maybe there's more to it. Like movie reviewers and other hangers-on, moviemakers are artists manqués in the sense that after starting out with dreams of personal creation, they have been reined in by all the constraints that we have found taught by their movies, the true artist finds unbearably chafing.

quality that everyone is after, not the easiest thing for the camera, master of the external, to capture. That accounts for all those piano-pounding, typewriter-banging passages in movies about composers and writers, as though physical exercise expresses internal creation.

But there's still the problem of capturing the creative process. The actual work of painting, even action painting, isn't all that exciting. Even if you do it on your back, like Chariton Heston up there splashing

away at the ceiling of the Sistine Chapel in "The Agony and the Ecstasy," the audience's mind may drift. What is Moses doing in a church anyhow? And upside down at that? Not, let's hope, scribbling graffiti where Pope Julius can't get at it.

So how do you show the artist converting his vision to canvas? Thank your lucky Muse: Sutherland never raises brush to eyeball to squint out a perspective the way movie-artists have done since the invention of moving pictures.

One difficulty may lie in the moviemakers' effort to be true to the facts. In "The Wolf at the Door," for example, Christopher Hampton, a classy writer, as demonstrated by "Les Liaisons Dangereuses," allows himself to build up the role of a 14-year-old French girl, making her more important to Gauguin than she probably was and central to the movie.

PEOPLE

Bakker Relatives Feel The Ministry's Pinch

Raleigh and Furnia Bakker, the parents of the deposed TV evangelist Jim Bakker, agreed Tuesday to a \$100,000 salary cut for their \$17,000-a-year job as PTL ministry's guest.

The actor Yves Montand is going to Lebanon next month and will tour refugee camps in hopes of encouraging the shipment of medical aid to the war-torn country.

An inmate who smuggled eight cans of beer into prison on Christmas Eve will serve an extra 15 years in confinement for the crime, his attorney said Tuesday.

A WORLD OF JOB OPPORTUNITIES AWAITS YOU INSIDE TODAY'S PAGE 11 READ OUR INTERNATIONAL POSITIONS

CONGRATULATIONS and BIRTHDAY MESSAGE CENTER

LOSE FEAR OF WATER Private Lessons, 2.5, or 7 Days with the ADULT SWIMMING ACADEMY

AMERICAN HOSPITAL OF PARIS Accredited U.S. Hospital, 24 hour Emergency Service, English spoken

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REAL ESTATE FOR SALE FRENCH PROVINCES ST TROPEZ

MONACO Principality of Monaco Bordered by beautiful modern residential complex

PARIS - ROMANTIC DUREX 40 sqm. Historical building - fully equipped kitchen

SWITZERLAND CHAMONTAINA RIGHT ON THE BEACH EUROPEAN RESORT

ALLIED WORLDWIDE MOVING PARIS - (1) 43 43 23 62

REAL ESTATE FOR SALE SWITZERLAND LAKE GENÈVA AREA

USA RESIDENTIAL FLORIDA USA, furnished tropical paradise home

PARIS AREA UNFURNISHED BOUVIALL - 124 sqm, 4 bedrooms, modern kitchen

PARIS 15th: PENTHOUSE - 3 bedrooms + living flat

RELOCATION SERVICES MOVING PARIS - (1) 43 43 23 62

EMPLOYMENT EXECUTIVES AVAILABLE DYNAMIC MANAGER is looking for management position

EMPLOYMENT EXECUTIVES AVAILABLE INTERNATIONAL MARKETING Manager 20 years experience

EMPLOYMENT EXECUTIVES AVAILABLE GENERAL MANAGER GOLF COURSES

EMPLOYMENT EXECUTIVES AVAILABLE BUSINESS OPPORTUNITIES

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INTERNATIONAL CLASSIFIED

International Business Message Center

International Business Message Center (continued)

EMPLOYMENT POSITIONS AVAILABLE

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